

EXHIBIT 1

Wallis, Terilyn

February 20, 2023

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IN THE UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF VIRGINIA

ALEXANDRIA DIVISION

- - - - - x

TERILYN K. WALLIS,	:
Plaintiff,	: CIVIL ACTION NO.
v.	: 1:22-cv-00838-PTG-WEF
NATIONAL RURAL UTILITIES	:
COOPERATIVE FINANCE	:
CORPORATION,	:
Defendant.	:

- - - - - x

Videotaped Deposition of TERILYN K. WALLIS

Friday, January 20, 2023

10:02 a.m.

Job No.: 138046

Pages 1 through 382

Reported by: Cassandra E. Ellis, CSR-HI #475,
CSR-CA #14448, CCR-WA #3484, RPR #823848, RMR,
CRR, Realtime Systems Administrator

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1 A P P E A R A N C E S

2 ON BEHALF OF PLAINTIFF:

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10 ON BEHALF OF DEFENDANT:

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20 ALSO PRESENT:

21 Joseph E. Ellis, Certified Legal Video Specialist

22 Kate Sigmund

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1 school in 1990, completed that degree by 1993,
2 year-end 1993.

3 My next formal education was at
4 University of St. Thomas, in St. Paul, where I
5 obtained my master in business administration
6 with a concentration in finance. I completed
7 that roughly in the 2000, 2001 timeframe.

8 And then the next formal education
9 that I completed was finished in 2021, when I
10 finished my EDD in adult education or my
11 doctorate degree.

12 Q. Where did you receive an EDD? What
13 does that stand for?

14 A. That's an education -- doctorate in
15 education.

16 Q. And who did you -- who did you
17 receive your doctorate from?

18 A. Capella.

19 Q. And how long were you working on
20 that doctorate? How long was the coursework and
21 research and all that good stuff?

22 A. Yeah, it started maybe in 2013 or

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1 **correlated to NRECA, the National Trade**
2 **Association for Electric Cooperatives program.**

3 Q. NRECA, is that National Rural
4 Electric Cooperative Association?

5 **A. Correct.**

6 Q. And MIP, is that Management
7 Internship Program?

8 **A. Correct.**

9 Q. What was the NRECA's MIP program,
10 what was the purpose of that, from what you
11 remember?

12 **A. The purpose of the MIP program is**
13 **to prepare employees of the cooperative network**
14 **who are ready to lead at an executive level with**
15 **a comprehensive experience surrounding what all**
16 **would be involved in managing a cooperative.**

17 Q. We're going to be talking about
18 electric cooperatives throughout the day. Can
19 you just explain, generally, what an electric
20 cooperative is?

21 **A. Sure. An electric cooperative**
22 **provides -- well, first of all, we need to**

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1 delineate between a distribution electric
2 cooperative, a generation cooperative, and a
3 transmission cooperative.

4 So a distribution cooperative is
5 responsible to have the infrastructure in place
6 to be able to provide power from the substation
7 where the transmission comes in, and get that
8 power out to the individual member owners of the
9 cooperative, whether they are residential,
10 seasonal, irrigation, large commercial, small
11 commercial or highway lighting.

12 There are also cooperatives that
13 provide transmission services. And transmission
14 services take the electricity from the point of
15 generation to those substations where it breaks
16 it down and gets it ready for it to be at a
17 voltage that would be appropriate for
18 distribution.

19 And then there are also generation
20 cooperatives. Those cooperatives are going to
21 own or contract for the actual electricity,
22 whether they generate it themselves or whether

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1 **they buy it off the power market or a**
2 **combination of both, they ensure that the**
3 **electricity is available to be able to put**
4 **through the transmission lines, ultimately put**
5 **it to the distribution side of things.**

6 Q. Thank you.

7 Okay. So just getting back to my
8 question about your certifications, we just
9 talked about the MIP that you got in 2009; do
10 you have any other certifications?

11 **A. I recently have been working on a**
12 **certificate from UW Parkside, regarding the**
13 **topic of customer service or exceptional**
14 **service, and that would be an executive**
15 **certificate, as well.**

16 Q. What is that executive certificate?

17 **A. It's what I just mentioned, it's**
18 **that -- it's in -- it's a specific certification**
19 **for customer -- excellent customer experience or**
20 **so to speak.**

21 Q. I'm just on wondering if that --
22 I'm just wondering if that certificate has a

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1 **A. No.**

2 Q. Do you have any -- any licenses,
3 professional licenses?

4 **A. I do not.**

5 Q. Did you ever sit for the CPA
6 examination?

7 **A. I did sit for the CPA examination,**
8 **one time, in 1994.**

9 Q. Do you recall if you passed?

10 **A. I passed two of the sections, two**
11 **of the four sections.**

12 Q. And then did you just decide, at
13 that point, not to retry the other two?

14 **A. I decided at that point that I was**
15 **not interested in doing public accounting. I**
16 **was interested in doing corporate accounting and**
17 **went back to get my master's degree.**

18 Q. So after 1994, that first time you
19 sat for the CPA, did you ever try again?

20 **A. No.**

21 MR. BROWN: All right. I am going
22 to introduce the first exhibit, which I will

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1 and let me know if it's a true and correct copy
2 of the document you produced in this matter. So
3 let me know if you need me to blow it up or when
4 I should scroll so you can do that.

5 **A. You can scroll.**

6 MR. BROWN: Okay. And I'm sorry,
7 actually, could we go off the record for two
8 minutes.

9 THE VIDEOGRAPHER: Yes. The time
10 is 10:38 a.m.

11 We are off the record.

12 (Discussion held off the record.)

13 THE VIDEOGRAPHER: The time is
14 10:39 a.m.

15 We are back on the record.

16 Please proceed.

17 BY MR. BROWN:

18 Q. Okay. We had a discussion off the
19 record about exhibit marking. I am going to
20 introduce this as Exhibit 8.

21 Ms. Wallis, what is this document?

22 **A. A current resumé.**

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1 Q. And do you recognize this document?

2 Sorry, I should have asked that
3 first.

4 **A. I do.**

5 Q. And does it appear to be a true and
6 correct copy of your resumé?

7 **A. Yes.**

8 Q. Okay. Please feel free to
9 reference the resumé. I'm going to be asking
10 you a series of questions about your
11 professional background. If you need me to
12 scroll, just let me know and I'll scroll to the
13 right spot, if that helps refresh your
14 recollection.

15 MR. BROWN: All right. And I'm
16 also going to introduce another exhibit, which
17 also Ms. Wallis's application, which I'll
18 identify as Exhibit 9.

19 (Exhibit No. 9 was marked for
20 identification.)

21 BY MR. BROWN:

22 Q. Ms. Wallis, can you see the

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1 on the last page, which is Bates stamped
2 CFC6076?

3 **A. It appears so.**

4 Q. Let's start with your first job
5 after college. And again, please feel free to
6 reference your resumé or the application if you
7 need to refresh your recollection. Just, if
8 you're going to do that, please let us know what
9 you're doing so it's clear on the record.

10 So can you tell me what your first
11 job was after college?

12 **A. I worked for a small accounting**
13 **firm called John R. Meyer Accounting.**

14 Q. And what was your position?

15 **A. Accountant.**

16 Q. What were your duties that you
17 recall in that job?

18 **A. We did individual tax returns, some**
19 **small business tax returns, provided accounting**
20 **services to businesses, provided payroll service**
21 **to businesses, provided tax filings for -- or**
22 **payroll tax filings for businesses.**

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1 **probably 1996.**

2 Q. Okay. Would looking at your resumé
3 or application help refresh your recollection?

4 **A. If it's on there, yeah.**

5 Q. Okay. Please feel free to look at
6 one or either of those. Just let me know which
7 one you want to see.

8 **A. It's -- it would be a -- if it is**
9 **on the application here, you can scroll up to**
10 **it. So if you scroll down to the bottom that's**
11 **where it begins. That's how many places there**
12 **were. So there's waste management at the**
13 **bottom. You're scrolling back and forth around**
14 **it.**

15 Q. It looks like it starts at waste
16 management. Can we look at your resumé?

17 **A. My resumé is not going to have**
18 **further detail.**

19 Q. Oh, okay. Got it. Okay.

20 Well, then, let's do this: I will
21 introduce the next exhibit, which I believe is
22 exhibit -- I'll identify as Exhibit 10.

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1 (Exhibit No. 10 was marked for
2 identification.)

3 BY MR. BROWN:

4 Q. Which is Ms. Wallis's older resumé.

5 Ms. Wallis, I'll scroll through

6 this. Just let me know if you need me to stop
7 or slow down.

8 Okay. You know what, I don't see
9 it on there, either.

10 All right. So you said that your
11 recollection -- I believe your best recollection
12 is that it was sometime in 1996 that you left
13 HealthEast?

14 A. I would have left there and gone
15 immediately to waste management, which is on the
16 application for CFC.

17 Q. You know, I'm sorry, I was just
18 showing you the new one again. Okay. So here's
19 the old one. And again, this is -- I'm
20 identifying this one as Exhibit 10.

21 Okay. So I believe this is the
22 section of your resumé -- well, I'm sorry, let

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1 me do this: I just scrolled through the two
2 pages of this document; do you recognize this
3 document?

4 **A. I do.**

5 Q. What is it?

6 **A. An old resumé.**

7 Q. And does this appear to be a true
8 and correct copy of the resumé that you
9 submitted to CFC in conjunction with your
10 application, which would have been in or about,
11 I think, 2012?

12 **A. Quite possible that that would be
13 it, yes.**

14 Q. Okay. Do you have any reason to
15 doubt that it's that same resumé?

16 **A. No.**

17 Q. Okay. All right. So I'm scrolling
18 to the second page of that document, marked
19 Wallis 2. And does reviewing this section of
20 your -- I'll just call it the old resumé -- does
21 this refresh your recollection about your end
22 date of your employment with HealthEast?

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1 **A. Right, that specific information**
2 **would be there on that resumé.**

3 Q. Okay. So was your end date in
4 August of 1996?

5 **A. Yes.**

6 Q. Okay. What were your duties or,
7 sorry, what was your position with HealthEast?

8 **A. Senior accountant.**

9 Q. And what were your duties?

10 **A. To support the clinics that that**
11 **hospital system owned, and provide accounting**
12 **services for each one of the individual**
13 **entities, to meet and discuss the financial**
14 **situation and factors at each one of their**
15 **locations, and to forecast and strategize how**
16 **to -- to best run those businesses.**

17 Q. Okay. Let's take those in order.

18 You said that part of your job
19 responsibility -- job responsibilities for
20 HealthEast was to provide accounting services.

21 What accounting services would you
22 provide as the senior accountant for HealthEast?

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1 **A. So for the most part that would be**
2 **indicated in line number one, under the**
3 **description, to review account reconciliations,**
4 **to prepare journal entries, and to prepare the**
5 **financial statements.**

6 **Q. Okay. So are you referring to**
7 **the -- the first bullet, underneath HealthEast,**
8 **on your old resumé, which is Exhibit 10?**

9 **A. Yes, because that's the position**
10 **you asked me about.**

11 **Q. Right. I'm just clarifying what**
12 **you're looking at; is that right?**

13 **A. Correct.**

14 **Q. Okay. Were there any other**
15 **accounting services that you provide as a senior**
16 **accountant for HealthEast?**

17 **A. In addition to the individual**
18 **clinics that we worked with, an example would be**
19 **the third bullet point down, also under the**
20 **senior accountant position, where it talks about**
21 **implemented and maintained database for 75**
22 **physician investment portfolios.**

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1 So there would have been accounting
2 work to go along with maintaining that database
3 and increasing and decreasing those individual
4 portfolios for each physician.

5 Another example would be from a
6 division level, for physician services division,
7 doing analysis and accounting of reimbursements
8 from the payors that they had and reconciling
9 how much was being received versus how much
10 we -- was being billed to the various insurance
11 companies and places where they received
12 payment.

13 In addition, the second to the
14 bottom bullet point indicates that inside of our
15 division we also did the accounting for the
16 employee health plan, which had a separate
17 corporate name called HealthEast Care, Inc.

18 Q. Just to drill down on one of the
19 things you mentioned, I think you said one of
20 your job responsibilities was reconciling
21 reimbursements.

22 When you're talking about

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1 Q. And was that for waste management
2 in Minnesota?

3 **A. Correct.**

4 Q. And did you start that position in
5 or about August of 1996?

6 **A. Yes.**

7 Q. Did you leave that position in or
8 about August of '97?

9 **A. Yes.**

10 Q. Okay. And you mentioned your job
11 for waste management was an assistant
12 controller, and you don't need to answer this
13 because I should be asking you about your memory
14 before you look at the document.

15 Do you -- what is your recollection
16 of the duties that you had for waste management?
17 And if you need to look at your resumé just let
18 me know. I'll scroll back down. I just don't
19 want to muddy up the transcript.

20 **A. Well, waste management of Minnesota**
21 **was considered to be one division of waste**
22 **management. They're obviously a large corporate**

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1 entity. And we provided the accounting services
2 for the locations in and around the Twin Cities
3 Metro area.

4 Q. And what were -- do you recall
5 anything else about your -- your duties for
6 waste management?

7 A. Well, I was, at this point, now,
8 supervising and overseeing the individual
9 functions, areas like payroll, accounts payable,
10 general accounting. In addition, I was
11 providing an updated forecast, on a monthly
12 basis, for what we anticipated was going to
13 happen in the next month, and then we rolled
14 that forward for the next rolling 12 months, to
15 prepare and to budget and project what was going
16 to happen in the future.

17 So as a combination of historical,
18 dealing with the actual transactions as they
19 came in, and then having a position where I
20 could utilize that forward-thinking ability of
21 what was going to happen in the business.

22 Q. Did you have any direct reports?

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1 **A. Several.**

2 Q. How many, do you recall?

3 **A. About nine.**

4 Q. And did you have anybody, other
5 than your nine direct reports, that indirectly
6 reported in to you?

7 **A. I did not.**

8 Q. So you had -- you had nine people,
9 about nine people, total, who reported in to you
10 into any -- in any form?

11 **A. Correct.**

12 Q. Okay. Did your -- did your duties
13 include running or participating in internal
14 audits?

15 **A. No.**

16 Q. Did your duties include overseeing
17 or participating in internal controls or
18 compliance?

19 **A. I would have had duties in regards**
20 **to internal controls, to ensure that we had good**
21 **internal controls in place I would work in**
22 **tandem with the controller to ensure that our**

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1 Minnesota locations had good internal controls.

2 Q. Do you recall, specifically, what
3 some of those internal controls were? And I'm
4 just looking for sort of general categories.

5 A. Sure. We received cash from time
6 to time, from customers that would come in the
7 door, so wanted to ensure that we had good
8 internal controls for incoming cash that it was
9 getting posted to the accounts receivable.

10 We needed to make sure that we had
11 good internal controls for our payroll, so that
12 we were properly stating where our employees'
13 time -- what kind of categories it was being
14 charged to, that that was accurate, so we had
15 procedures and we tested that to make sure that
16 it looked like the employees understood and knew
17 where to charge their time.

18 And then that same concept would
19 follow through with the invoices that we were
20 receiving to ensure that those that incurred the
21 actual cost at the organization understood the
22 different categories of expense and that we had

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1 good delineation and explanations for how they
2 should code their invoices so that when accounts
3 payable paid them we had a solid understanding
4 of different categories of expenses.

5 Q. And I'm sorry, I may have missed
6 it, but was that latter duty, did that have to
7 do with personal -- or sorry -- with business
8 expenses incurred by certain employees or was
9 that something else?

10 A. It would have been business
11 expenses, for the most part. Although,
12 overseeing both payroll and accounts payable, if
13 an employee had an expense to be reimbursed for
14 some reason, then it would have come through the
15 accounts payable and payroll process.

16 As far as, you know, travel- and
17 employee-related expenses, waste management did
18 have a corporate credit card, so the expenses
19 would have been charged to that corporate credit
20 card and then reconciled at the end of the
21 month.

22 Q. Did your duties include internal

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1 controls related to fraud prevention and
2 mitigation?

3 **A. I think internal controls,**
4 **generally, are intending to make sure that**
5 **things get accurately represented on the**
6 **financial statements. And if there's a**
7 **possibility that something could go wrong in**
8 **that, fraud or otherwise, good internal controls**
9 **are setting up a system so that the best outcome**
10 **is going to happen.**

11 Q. Are there any duties that you
12 recall having that we haven't discussed?

13 **A. Not of significance.**

14 Q. Did you -- were you reporting into
15 the controller at all times that you worked for
16 waste management of Minnesota?

17 **A. I did report to the controller.**

18 Q. And was that the same person over
19 that year?

20 **A. That person did leave maybe about**
21 **two months prior to my departure. And then at**
22 **that point --**

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1 would have been waste management, corporate,
2 they would have had an executive level. I do
3 not know how many layers that the corporate
4 total waste management would have had for --
5 for -- for different executives.

6 But the individual or the out --
7 boots-on-the-ground locations would have had a
8 management team, that -- that would have been
9 considered the executive level at that
10 particular site. And I was not on the top
11 management. I was a direct report to that
12 management team.

13 Where that fit in the grand scheme
14 of waste management's total corporate layout, I
15 don't know.

16 Q. Why did you leave that position?

17 A. I left that position because it was
18 brought to my attention that there was a
19 position back close to where I grew up, at an
20 electric cooperative, and that position would
21 probably not come open for quite some time
22 again, and it was an opportunity for me to make

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1 **a lifestyle change of living from the Twin
2 Cities to living in a more rural area.**

3 Q. And that electric cooperative, was
4 that Polk-Burnett?

5 **A. Yes.**

6 Q. And when did you start with
7 Polk-Burnett?

8 **A. In 1997, in August.**

9 Q. And how long did you work for
10 Polk-Burnett?

11 **A. Until 2011, mid year.**

12 Q. So approximately July of 2011?

13 **A. Approximately.**

14 Q. What was your position with
15 Polk-Burnett Electric Cooperative?

16 **A. When I first started initially
17 my -- I was hired with the title of controller,
18 and then moved into the chief financial officer
19 position at the time of retirement of the
20 outgoing CFO.**

21 Q. When did you get the -- and that
22 was a promotion; right?

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1 **A. Right.**

2 Q. When did you become the CFO?

3 **A. I would have -- I don't recall the**
4 **exact date, maybe 1999 or so.**

5 Q. Okay. So do you recall it being
6 within the first couple of years of your career
7 with Polk-Burnett?

8 **A. Yes.**

9 Q. Okay. So were you the CFO for,
10 jeeze, nine or ten years with Polk-Burnett, does
11 that sound about right?

12 **A. Right. Yes.**

13 Q. Okay. Let's get -- let's take your
14 controller duties and your CFO duties
15 separately. I know they probably overlap, but
16 where we can let's try to delineate what was
17 your controller duties and then what was your
18 CFO duties.

19 So starting with controller, what
20 do you recall your duties being for the first
21 couple of years of your Polk-Burnett employment?

22 **A. My initial duties were really to**

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1 understand each one of the systems and areas of
2 the organization and the functions that they
3 provided both to the business, overall, but then
4 how that fed into the accounting systems and how
5 that impacted our overall financial situation.

6 And so I would consider that to be
7 a little bit more learning and task-oriented
8 time, and that was done by design, as an
9 orientation, so that I had a solid understanding
10 of exactly how things worked so that when I
11 would move into the CFO role I had that -- that
12 foundation and didn't have to do that from the
13 ground up to learn all of the systems.

14 Q. When you were the controller, who
15 did you report in to, who was your direct
16 manager?

17 A. Yeah, I reported to someone outside
18 of the accounting department, her name was Nancy
19 Hardinberg (phonetic). I did not report to the
20 CFO.

21 Q. What was -- and I'm sorry, I -- I
22 forgot her last name -- Nancy's job title?

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1 she decide, which is why there was, you know,
2 she knew that I was the heir apparent, she was
3 extremely supportive, trained me in every
4 possible way, but the rest of the management
5 team wanted to give me a broad view of the
6 organization and they felt that would be best
7 done by reporting to someone other than the
8 outgoing CFO.

9 Q. Ms. Wallis, I've taken screen share
10 off, which had Exhibits 8 through 10, just
11 because it's -- the Zoom platform's a little bit
12 better without screen share, but if you need to
13 refer to any of those documents, your
14 application or your two resumés, just let me
15 know.

16 A. Okay.

17 Q. Okay. So is there anything else --
18 well, let me ask you this: Who did you report
19 to when you were the chief financial officer?

20 A. I reported to the CEO. And the
21 CEO, first of all, was very involved in my
22 hiring, originally. His name was Steve Glaim.

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1 **A. Bill.**

2 **Q. Oh, Bill? I'm sorry.**

3 Okay. What was Bill's first name?

4 **A. Bill.**

5 **Q. I'm sorry, what was Bill's full**
6 name?

7 **A. I don't recall.**

8 **Q. Okay. We can move on.**

9 What were your duties as the chief
10 financial officer?

11 **A. My duties as the chief financial**
12 **officer were two-fold, so first, having full**
13 **responsibility for overseeing and administering**
14 **the department and functions, and the**
15 **accounting, payroll, accounts payable, billing**
16 **functions, customer service, cash, part -- part**
17 **of the human resources.**

18 I did not do the administrative
19 side of human resources, meaning my department
20 wasn't in charge of signing people up for
21 insurance or changing any status, but we took
22 care of the rest of the human resource

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1 functions. So we took -- took care of the
2 details of making all of those things happen,
3 making sure that there were systems in place.

4 And then my second responsibility
5 was to be a part of the senior management team.

6 And as part of the senior management team I
7 coordinated my efforts with the leadership team
8 to -- to provide support to our general manager,
9 and not only make sure that the finances were
10 being taken care of and administered in the way
11 that our strategic initiatives, through our
12 board of directors and through our objectives
13 and our business plans, wanted those things to
14 be executed, but we also planned for the future,
15 so provided input, I did analysis, researched
16 projects to -- to help provide input for
17 decision-making at the board table, for what
18 would be the next best steps, from a business
19 perspective, for the cooperative. And I did
20 that, of course, in conjunction with the rest of
21 the management team.

22 So obviously offered expertise in

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1 **the area of finance and accounting, but we**
2 **worked in a team to help support the general**
3 **manager.**

4 Q. And getting back to your -- your
5 controller, the time you were the controller,
6 did you have direct reports during those couple
7 years you were the controller for Polk-Burnett?

8 **A. I did not have direct reports until**
9 **I became the CFO.**

10 Q. And then, when you became the CFO,
11 how many -- how many direct reports did you
12 have?

13 **A. Somewhere around 12 to 14.**

14 Q. And did any of your 12 to 14 direct
15 reports have direct reports that reported to
16 them?

17 **A. Yes. Under the -- the billing side**
18 **there would have been about three underneath the**
19 **billing supervisor, billing manager.**

20 Q. So how many people, total, reported
21 in to you, either directly or indirectly?

22 **A. No, up to 15, right around a**

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1 **maximum of 15.**

2 Q. When you were the CFO, I think you
3 already mentioned this but I just want to make
4 sure, were you in charge of all the accounting
5 operations of the organization?

6 **A. Yes, I was.**

7 Q. Was it your responsibility to
8 create and produce financial reports?

9 **A. Yes, it was.**

10 Q. Maintain a system of accounting
11 records?

12 **A. Yes, it was.**

13 Q. Maintain a set of controls designed
14 to mitigate risk for the organization?

15 **A. Yes, it was.**

16 Q. And in maintaining those controls,
17 was the purpose also to ensure the accuracy of
18 the facts that the organization reported,
19 publicly or to its members?

20 **A. There was one word I didn't
21 understand you to -- did you say facts,
22 f-a-c-t-s or FAQs.**

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1 Q. Yes, the accuracy of facts is what
2 I said.

3 **A. Okay. Yes.**

4 Q. On your -- on your resumé -- and
5 again, I'm happy to open it, if you want to
6 confirm what I'm saying -- but you mentioned as
7 one of the bullets underneath Polk-Burnett was
8 that one of your job responsibilities was the
9 design and implementation of internal control
10 functions?

11 **A. Yes.**

12 Q. What -- what were those internal
13 control functions that you designed and
14 implemented?

15 **A. Sure. From a general perspective,**
16 **first of all, my responsibility was to ensure**
17 **that we did have internal controls in place to**
18 **both mitigate risk and now, at this point, my**
19 **job responsibility is to recognize that fraud**
20 **could exist and to prevent fraud, as best as I**
21 **possibly could, in areas where I could identify**
22 **risk.**

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1 The -- the biggest risk that I had
2 to work with in the design of internal controls
3 is that a rural electric cooperative has a small
4 number of employees, and so when you have a less
5 number of employees the ability to separate
6 tasks becomes more challenging because you
7 simply don't have as many people to separate
8 those tasks, to be able to ensure the best
9 internal control and, as a result of that,
10 mitigate your risk, you know, as best as you
11 possibly could.

12 So areas such as cash management
13 were one of the examples where I spent quite a
14 bit of time, because a member could walk in the
15 door with cash, and they did regularly, and that
16 cash was being handed to another human, and so
17 we needed to make sure that we had good
18 processes in place to make sure that that cash
19 was getting in the cash drawer and not getting
20 into someone's pocket.

21 I have another example of, you
22 know, inventory coming in is where I spent quite

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1 a bit of time. We also owned multiple
2 subsidiaries in my time there, but one of the
3 subsidiaries we owned was a propane gas company,
4 and that propane gas company would receive
5 liquid propane gas into bulk tanks, then that
6 would move from the bulk plant or bulk tanks
7 into individual bobtail trucks. Those bobtail
8 trucks would then deliver that gas to individual
9 small tanks that would be in rural locations
10 where there's not natural gas, and maintaining
11 internal controls so that the gas that came in
12 at those bulk plants transferred to those
13 bobtails, transferred to those member locations,
14 and -- and to monitor and watch for the
15 potential for there to be loss there was an area
16 where I spent a good amount of time

17 And then some areas where I spent
18 less time would be functions that were highly
19 integrated, where I felt that there was less
20 risk.

21 So for example, you know, invoices
22 coming in, we had a solid purchase order system

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1 at Polk-Burnett, where the individual that was
2 making a purchase over a certain dollar amount,
3 and our dollar amount was pretty low at that
4 time, they were required to initiate a purchase
5 order. That purchase order needed to have two
6 levels of approval before the item could be
7 ordered. And then that purchase order was
8 automatically submitted into accounting. And
9 then when the invoice would come into accounting
10 it would match up to the purchase order, and we
11 monitored variances between how much the
12 purchase order said and how much the actual
13 invoice was.

14 So that one ran with -- because I
15 had a lot more system in place, I didn't have to
16 do as much manual review of that particular
17 process, I would only have to review things that
18 would get, you know, more confusing, maybe, for
19 the purchasing side of things.

20 For example, if the individual
21 purchasing the items didn't know if sales tax
22 was or was not included or didn't know if

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1 **freight was or wasn't included, you know, that**
2 **might drive the actual price of the -- the**
3 **invoice, in the end, to be higher, and so that**
4 **would be an acceptable -- you know, maybe --**
5 **maybe it was, you know, greater than our two**
6 **percent variance, but we could review those and**
7 **understand and educate to go along with them.**

8 **So lots of different systems that**
9 **we had to both design and monitor, from -- from**
10 **an internal control perspective. And -- and**
11 **specifically in the idea of making sure that**
12 **nothing was stolen, that was taken into**
13 **consideration, as well.**

14 Q. Thank you. Was the general purpose
15 of all those internal controls you just
16 described, was that generally to prevent fraud,
17 waste, abuse and mismanagement?

18 A. **You know, maybe that is one way**
19 **to -- to look at it. I guess I would consider**
20 **those descriptions to be negative connotations**
21 **of ways to look at it.**

22 Our -- our real desire, as an

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1 electric cooperative, was to make sure that we
2 were being fiduciary responsibility with the
3 resources that our members had entrusted us
4 with.

5 So my view would have been more
6 that if the members had provided dollars to the
7 cooperative through their rates, for expenses,
8 yes, I'm monitoring those to make sure we have a
9 good system, as I described. But I'm also
10 making sure that if the members provided dollars
11 to the cooperative, that were going to be used
12 to build infrastructure, that we had those
13 dollars available, that -- that our systems were
14 working properly and that -- that those dollars
15 that were set to do that were actually getting
16 into the available dollars to be able to build
17 new infrastructure pools and continuing property
18 records, the very most expensive thing that the
19 member owners of the cooperative have to invest
20 in.

21 Q. Was Polk-Burnett Electric
22 Cooperative one of the electric cooperatives

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1 those loans and new loans were with CFC.

2 Long answer, but yes, my time there
3 was using CFC as their main lending source.

4 Q. As the chief financial officer,
5 were you -- well, let me ask you this: Did
6 Polk-Burnett have any annual reporting
7 requirements to any -- to the SEC or any other
8 federal regulators?

9 A. Polk-Burnett had to file a Form 990
10 to the Internal Revenue Service. They had to
11 file a 990T to the IRS, of course they had
12 payroll-related filings.

13 Polk-Burnett also owned
14 subsidiaries that were for-profit subsidiaries,
15 so we had filings to go along with those.
16 Tax-wise, as well as potentially, because the
17 propane is in the energy industry, there would
18 have been additional government entities that
19 would have been asking for information.

20 We would have been providing
21 information to several different agencies of the
22 federal government regarding energy efficiency

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1 programs, rebates, change in kilowatt hours.

2 So we had quite a bit of reporting
3 to the federal government. But we did not
4 report to the SEC because individual electric
5 cooperatives, for the most part, are not under
6 the SEC rulings and filings.

7 Q. And as the CFO did you oversee
8 those annual filing and reporting requirements?

9 A. I would oversee those, in some
10 cases I would complete those filings, in other
11 cases we would contract support to get those
12 filings completed by either a law firm or an
13 accounting firm, depending specifically on what
14 it was.

15 Q. When you were the CFO, did you
16 oversee any annual or regular financial audits?

17 A. I was in charge of the annual
18 financial audit each year while I was at the
19 cooperative.

20 Q. And were there any other regular
21 audits that you oversaw? And by regular, it can
22 be every year, every couple of years, I'm just

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1 wondering if there was anything else,

2 audit-wise, that you oversaw?

3 **A. The only other one that really**
4 **comes to mind is a routine and regular audit,**
5 **was worker's comp related and insurance related.**
6 **Sales tax, I mean, sales tax really isn't**
7 **scheduled, but in my tenure there we had**
8 **multiple state sales tax audits, as well.**

9 Q. What is the purpose of the annual
10 financial audits?

11 **A. The purpose of the annual financial**
12 **audit is to ensure that the numbers that are --**
13 **that are being prepared are materially correct.**

14 Q. Did you oversee the process through
15 which employees were reimbursed for business
16 expenses?

17 **A. As -- yes.**

18 Q. And what was that process?

19 **A. Yeah, so if an employee incurred an**
20 **expense, let's say that they went to a**
21 **conference, they -- and I'll just give you an**
22 **example, let's say that they would have driven**

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1 to the conference, stayed in a hotel, eaten some
2 meals, and had the registration for the
3 conference, so first of all, the last one I
4 mentioned was the registration of the
5 conference, that the registration of the
6 conference would have been paid for through the
7 purchase order requisition process that I
8 mentioned earlier.

9 So the employee would have gone to
10 their supervisor to make sure that it was going
11 to be approved, and a purchase order would have
12 gone through our system, and a check would have
13 been cut back, at that point, in order register
14 for the particular program that they were going
15 to or if it needed to be made on a corporate
16 credit card payment if it was a -- if it was a
17 national-type training that they might have been
18 going to. So that's how that cost would have
19 been incurred.

20 Then, when it came to
21 transportation costs, the cooperative owned
22 their own fleet of vehicles, and we asked that

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1 employees always drove those vehicles so that
2 they had the best possible insurance should a --
3 should an accident happen. So there was no
4 necessary reimbursement for -- for vehicle
5 transportation, because we would have always
6 ensured at the co-op that it was full of gas.
7 And unless they were going far away then they
8 would have used their corporate credit card to
9 purchase the fuel that would have gone in, and
10 that would have been similar to them making food
11 purchases.

12 They may have paid for their hotel
13 or, if we could have paid for their hotel with
14 our executive assistant, who reported to our
15 general manager, that individual coordinated
16 much of the travel arrangements for conferences
17 and, oftentimes, put those hotel costs on the
18 that corporate credit card, and we could track
19 them that way.

20 So when an employee got back from a
21 conference, what they would have to submit into
22 accounting would have been their actual receipt

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1 for any fuel that they would have purchased, any
2 meals that they would have eaten, and
3 potentially any hotel room stay that they would
4 have had.

5 And then, when the invoice from the
6 credit card was received, at the end of the
7 month, then inside of the accounting department
8 our most entry-level position would have matched
9 up each one of those particular receipts. And I
10 think defining receipt here, I will do that in
11 just a minute. Those receipts were then
12 attached to that particular credit card
13 statement. And then that credit card statement
14 was then signed off on by the -- that employee's
15 direct manager and also the senior-level staff
16 person above that. So there was a double
17 signature so that those invoices could be
18 reviewed, as well.

19 And just back to clarify how we
20 looked at receipts, is that in order to become
21 compliant with the Internal Revenue Service
22 code, as far as business expenses, because I

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1 actually did experience us being a taxable
2 cooperative, and not just a 990 non-taxable
3 cooperative, we were very aware of what the
4 business requirements were for submitting
5 invoices.

6 And so employees needed to submit
7 invoices that were a detailed record of what had
8 been purchased. So if they stopped for lunch,
9 and they ordered an entree and they ordered a
10 drink, then the receipt should delineate the
11 entree and a pop, and total it, tax, and then
12 the amount of tip that they had on there, and
13 then a grand total.

14 So our employees were expected to
15 provide a receipt. And our definition of a
16 receipt was that it would have had that detailed
17 information on it, because we also had a
18 corporate policy that said that there would be
19 no alcohol purchased on a credit card of an
20 employee that the cooperative would pay for, and
21 then we had a separate insert inside of that
22 that said that if an employee was travelling

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1 with a senior leader or with the general
2 manager, and there happened to be a group
3 dinner, where the senior leadership team or the
4 general manager was in attendance, then there
5 was an allotment for -- I don't remember right
6 now if it was one or two drinks. And then that
7 was the only time that alcohol could be
8 purchased at the corporate level

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1 for the month to the grand total invoice that
2 the cooperative received for the month.

3 Q. When you oversaw the process for
4 Polk-Burnett, for reimbursement of business
5 expenses, was it the employee's responsibility
6 to submit accurate business expense requests?

7 A. Sure. It -- it was -- it was a
8 dual system. So it was the responsibility of
9 the employee to provide -- to provide
10 documentation. And then the second check that
11 went along with that is that there was a person
12 in accounting that -- that matched that to what
13 the -- what the credit card statement, when it
14 came in, showed.

15 And then, if those two things
16 didn't match, then the employee was, you know,
17 alerted, whether we saw them in the hallway or
18 if we sent them a quick message, and let them
19 know that -- that the two items didn't match,
20 and that we were going to need to figure out a
21 way to get those to match, whether that meant
22 calling back to the restaurant and asking for

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1 the detailed printout, which is possible with
2 the -- with the numbers that are on the credit
3 card statement, or if the employee just said,
4 oh, I didn't realize you needed to have my
5 detailed receipt. Let me grab it out of the
6 vehicle.

7 So it was, yes, the employee needed
8 to turn things in, and then it was also the
9 employer's responsibility to ensure that they
10 matched up.

11 Q. Okay. So let me unpack that a bit.

Was it ultimately the responsibility of the employee, who sought payment from Polk-Burnett, to submit accurate paperwork to get that reimbursement? And by accurate paperwork, I mean the expense request, itself, as well as the supporting documentation, was that ultimately the responsibility of the employee.

20 A. So I -- I -- I think we have a gap
21 in one -- one key component here, is that the
22 employee was not seeking reimbursement. The

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1 think of any examples where the cooperative
2 would have put the employee in a situation where
3 they were incurring a cost for the company that
4 the company would then reimburse them for, so
5 I'm not saying that it did not happen ever, if
6 there would have been a very extenuating
7 circumstance such as someone's credit card not
8 working when they were out of town, but it would
9 have been very rare.

10 Q. Did Polk-Burnett issue every
11 employee a corporate credit card?

12 A. They did not issue every employee a
13 corporate credit card. But those employees that
14 did not have an employee credit card would have
15 never attended training without their supervisor
16 also attending that training, and that
17 supervisor was then responsible to take care of
18 any of those costs that would have been
19 incurred.

20 Q. Okay. We can move on.

21 Were you -- I think you mentioned
22 this earlier, but I want to make sure -- were

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1 you in charge of payroll as the chief financial
2 officer?

3 **A. Yes.**

4 Q. Were you also in charge of accounts
5 receivable?

6 A. For -- not all of the time that I
7 was at Polk-Burnett was I in charge of the
8 collection process. I mean, ultimately, I was
9 in -- I was overseeing receivables on the
10 balance sheet.

11 But there were the -- it's not
12 atypical for some of the -- the -- the positions
13 that served the members to maybe kind of shift
14 or go between working for finance and accounting
15 or working for member services.

16 And so when I started, those
17 positions were under finance and accounting, for
18 awhile they moved under our member services
19 area, because that individual had less people
20 reporting to them, and then they shifted back
21 later, after some staffing changes.

22 So most of the time I was there

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1 accounts receivable reported to me, as far as
2 collections goes, but a little bit of the time
3 it didn't.

4 Q. Okay. Were you also responsible
5 for preparing annual budgets?

6 A. Yes.

7 Q. Why did you leave the CFO position
8 at Polk-Burnett?

9 A. Yeah, I left the CFO position, and
10 left the industry for a little while, because of
11 some happenings that were going on at the
12 cooperative.

13 So at the time that the general
14 manager, Steve Glaim, the CEO that I had worked
15 for the majority of my time, retired, then the
16 cooperative ended up hiring a new CEO.

17 And at the time that that hire was
18 made, what I'm about to say is public record,
19 because it ultimately comes out in a lawsuit,
20 the general or the new incoming CEO general
21 manager was asked to do some very specific
22 things, requests from the board, as far as

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1 BY MR. BROWN:

2 Q. Ms. Wallis, I just have a couple
3 more questions about your Polk-Burnett
4 employment, and then I'm going to move on.

5 Getting back to the expense
6 reimbursement process that we discussed earlier,
7 if you found that an employee didn't have
8 sufficient documentation or had not submitted
9 sufficient documentation or that the employee
10 had put an expense on the corporate credit card
11 that was not reimbursable under the Polk-Burnett
12 policy, what would happen?

13 A. We would -- if it was a paperwork
14 issue, then accounting would work with that
15 individual to get the -- get the paperwork that
16 was needed. We would work together to -- to
17 make that happen. If it was a choice in maybe
18 what was spent, then we would take that example
19 and we would give it to the supervisor, and then
20 the supervisor would have a conversation with
21 the employee.

22 And if there needed to be a message

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1 in the employee's file about that conversation,
2 and an agreement that that would not happen
3 again, that could happen or if -- I don't have
4 any examples where the cooperative had a
5 conversation with the employee and that there
6 was a repeat issue, ever, after that, where we
7 either had to make the choice -- the policy
8 provided for the option to not pay for that, but
9 we never had that situation arise in -- in my --
10 my time there.

11 Q. Okay. Let's take the example you
12 used before, where an employee drinks their
13 lunch instead of, you know, buying food.

14 **A. Yes.**

15 Q. So that, you know, buying alcohol,
16 as you stated earlier, was not a reimbursable
17 expense under Polk-Burnett's policy; right?

18 **A. Correct.**

19 Q. So in that circumstance, would
20 Polk-Burnett just pay the credit card bill
21 anyway or would Polk-Burnett seek reimbursement
22 from the employee?

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1 A. If -- if there had been alcohol
2 charged to the credit card in an inappropriate
3 situation, then the employee would be asked
4 to -- they would be asked if they drank the
5 alcohol, and I don't have any examples where the
6 employee denied it, and then we would simply ask
7 the employee if there was any reason they didn't
8 think it was fair for them to reimburse the
9 co-op for that particular expense, and then they
10 would bring their cash up to the front desk.

11 Q. Okay. So then it -- do you -- do
12 you recall that occurring or are we kind of
13 talking about a hypothetical, at this point?

14 A. It -- it -- it definitely occurred
15 once or twice, while I was there. And, quite
16 frankly, the scenario is that when we have line
17 staffs, linemen that were out at training, they
18 didn't go to training very often.

19 And so if they went to a group
20 dinner, all linemen from all co-ops, and they
21 got individual receipts from the, you know,
22 sitting down and having the meal, more than

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1 anything they -- the couple of times we ran into
2 it, they didn't feel that they were in a
3 situation with a large group where it would be
4 appropriate to split their meal from their
5 drinks, which is what they did 99.999 percent of
6 the time, and they knew that if they brought it
7 back to the co-op it was usually them
8 proactively saying: Here's what happened when
9 we went to the training, and we have our --
10 our -- our one or two beers on here, and we need
11 to pay for it, rarely did it happen that a slip
12 would have been turned in where it was like, oh,
13 we need to ask you about this.

14 Q. Did -- did Polk-Burnett classify
15 your termination as an involuntary termination,
16 a voluntary termination or something else?

17 A. Something -- we just did a
18 separation.

19 Q. Okay. Did you get a separation
20 agreement?

21 A. I did get a separation agreement.

22 Q. And do you recall what your

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1 you will be terminated as of this date, and this
2 is the reason for it, separate and apart from
3 your separation agreement?

4 **A. No.**

5 Q. Did you apply for unemployment
6 insurance after you terminated from
7 Polk-Burnett?

8 **A. I went to -- no. I may have
9 applied for unemployment insurance, but I
10 immediately went to work.**

11 Q. Did -- okay. So -- so do you
12 recall applying for unemployment insurance,
13 after your termination from Polk-Burnett? I
14 think earlier you said you didn't, but then you
15 said you might have, but then you went
16 immediately to work?

17 **A. I actually don't recall if I did or
18 did not apply for unemployment insurance, but I
19 do know that I was employed within a couple of
20 weeks after leaving there.**

21 Q. Okay. What was your next position,
22 after you left -- after you left Polk-Burnett?

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1 A. For a short period of time, I
2 worked for Weir Minerals.

3 Q. Okay. Did you work for St. Croix
4 Regional Medical Center before Weir?

5 A. So I worked for Weir a couple of
6 weeks prior to -- or I worked for Weir a couple
7 of months, actually, prior to securing the
8 full-time director position at St. Croix Medical
9 Center.

10 I continued --

11 Q. Okay.

12 A. -- to work for Weir Minerals, doing
13 some subcontract. They -- they were short
14 finance and accounting staff, as I transitioned
15 over to the hospital. And the reason I
16 transitioned to the hospital is because I had
17 experience in healthcare accounting, and
18 preferred that particular job and, quite
19 frankly, was very surprised that as soon as I
20 was open for employment multiple people in the
21 community contacted me and asked me if I would
22 be willing to come to work for them.

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1 Q. Okay. What were your duties as the
2 assistant controller for Weir?

3 **A. Accounting for two manufacturing**
4 **facilities in the local area.**

5 Q. And did you have any other duties?

6 **A. No.**

7 Q. Okay. Were the -- the assistant
8 controller responsibilities that you performed
9 for Weir, did that include any responsibilities
10 relating to internal controls or compliance?

11 **A. No.**

12 Q. How about audits, internal audits?

13 **A. No.**

14 Q. Expense reimbursements?

15 **A. No.**

16 Q. So were your duties more just sort
17 of general accounting, maintaining the general
18 ledger, that kind of thing or, you know, what
19 was it?

20 **A. Either general accounting or cost**
21 **accounting for manufacturing.**

22 Q. Okay. And did have any direct

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1 reports?

2 **A. No.**

3 Q. And why did you leave that position
4 with Weir?

5 A. I stated that just a few minutes
6 ago, that St. Croix Regional Medical Center was
7 going through the hiring process at the same
8 time, and they've -- they finalized their offer
9 to me, and I had healthcare experience, and the
10 work environment was much preferred to me over a
11 manufacturing environment, which I didn't have
12 experience in.

13 Q. Okay. So when did you start with
14 St. Croix Regional Medical Center?

15 A. That fall, the date that's on my
16 resumé.

17 Q. Okay. I'll represent to you that
18 your resumé says October of '11; does that sound
19 right?

20 A. It does.

21 Q. And when did you stop working at
22 St. Croix?

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1 **A. I stopped working at St. Croix at**
2 **the end of -- for -- I stopped working at St.**
3 **Croix full time at the end of August of 2012.**

4 **Q. Did you work for St. Croix,**
5 **afterwards, part-time?**

6 **A. I did work for them part-time,**
7 **finishing up a few just very small projects for**
8 **the next weeks.**

9 **Q. And did your part-time St. Croix**
10 **employment coincide, at all, with your CFC**
11 **employment?**

12 **A. I was working for CFC, at that time**
13 **I would have only done the St. Croix work on a**
14 **weekend, on a Saturday, possibly a Sunday, but**
15 **likely a Saturday.**

16 **Q. How long do you estimate your**
17 **period of employment overlapped between**
18 **St. Croix and CFC?**

19 **A. Two to three weeks.**

20 **Q. What was your position with**
21 **St. Croix?**

22 **A. Whatever it says on the resumé, it**

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1 **was, I think, a director of accounting. I don't**
2 **recall the exact title.**

3 Q. Okay. I'll -- I'll represent to
4 you that it says director of finance, corporate
5 compliance officer; does that sound right?

6 **A. It does.**

7 Q. Okay. Was that -- were those
8 positions that you held at the same time or were
9 you first a director of finance and then the
10 corporate compliance officer?

11 **A. They were positions that I held at**
12 **the same time.**

13 Q. Okay. And did they have duties
14 that were separate from each other? Can you
15 kind of distinguish in your own mind what was a
16 director of finance job and what was the
17 corporate compliance job?

18 **A. The director of finance**
19 **responsibilities would be very similar to the**
20 **description I provided for you that my**
21 **responsibilities were at Polk-Burnett. The**
22 **organization is significantly larger than what**

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1 the rural electric co-op in a local area is for
2 a number of employees, so at that same level of
3 responsibilities.

4 I did report to a CFO while I was
5 at St. Croix Regional Medical Center, but I was
6 considered to be on the management team there,
7 as well. They had a management team that was
8 more than 25 individuals large. Out of that
9 team of 25 individuals, three or four of them
10 were considered to be their executive team, one
11 of those was the CFO, one of those was the CEO,
12 and then there was one or two on the operational
13 sides of things, so I was the next layer or
14 level down from that, so that would have been my
15 departmental responsibilities.

16 And it's not uncommon in
17 organizations of that size that the corporate
18 compliance is attached as part of a financial
19 position. So I --

20 Q. So what was the --

21 A. **Those duties --**

22 Q. Go ahead, I didn't mean to

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1 interrupt.

2 **A. Those duties were in addition to**
3 **the duties of the finance needs.**

4 Q. And what were those duties as a
5 corporate compliance officer?

6 **A. Those duties were to ensure that**
7 **there were internal controls in place, through**
8 **documentation. That documentation was then**
9 **utilized in the audit process, the regular**
10 **accounting audit process, and tested, so that**
11 **became their documented procedures for -- for**
12 **doing things.**

13 And then the position would have
14 also responded and been a part of the team,
15 should a situation have arisen, either
16 internally or externally, either identified --
17 the individual identified or anonymous.

18 If there was notification that
19 there was a potential compliance issue, then I
20 would have coordinated the team that would have
21 looked into that particular situation, and that
22 did not happen in my time there.

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1 Q. How many direct reports did you
2 have for your St. Croix employment?

3 **A. A few, if my resumé indicates a**
4 **specific amount I know I had one or two**
5 **accounting individuals, an accounts payable**
6 **person, and I don't recall if there was anyone**
7 **else.**

8 Q. Did you have any other employees
9 indirectly reporting to you?

10 **A. No.**

11 Q. Okay. I believe you testified
12 earlier that your director of finance
13 responsibilities for St. Croix were similar to
14 your responsibilities that you performed for
15 Polk-Burnett, is that also true of your
16 corporate compliance officer responsibilities,
17 were those similar to your Polk-Burnett
18 responsibilities?

19 We talked about a lot of internal
20 controls before, I'm just wondering if there's a
21 way to make this more efficient.

22 **A. I would -- I would generally say**

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1 that the functions were similar in that it was
2 for sure documenting the different processes,
3 analyzing those processes for potential risks
4 and weaknesses, working internally with groups
5 of employees to improve those gaps in -- in the
6 process, and I would generally consider them to
7 be quite similar.

8 Q. Okay. And were you -- did you
9 oversee the process through which employees were
10 reimbursed for business expenses for St. Croix?

11 A. So the process for employees to be
12 reimbursed was very similar to Polk-Burnett in
13 that the organization had processes in place so
14 that the costs that they were incurring they
15 were -- they had processes to ensure that if
16 they were incurring the costs they were either
17 paying for that through the accounts payable
18 system in process or they were paying for them
19 through their corporate credit card process.

20 The only exception that I would
21 delineate between Polk-Burnett and the hospital
22 was that the hospital did not have a fleet of

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1 vehicles, and so if an employee did attend a
2 meeting or a conference, whether that was
3 locally or at the state level or at the national
4 level, and if they drove their own vehicle
5 there, they would submit in their payroll system
6 the date that they drove their vehicle, the
7 number of miles, and then on a return trip what
8 day they returned back and the number of miles.
9 And as I indicated, that went into our payroll
10 processing system, and that payment was made
11 from there.

12 The supervisor was responsible to
13 review that additional input of information to
14 ensure that they agreed that the mileage that
15 was input there was appropriate. And the
16 payroll process was administered or the actual
17 processing of that was done in the human
18 resources department, not inside the accounting
19 department, where my responsibilities were.

20 Q. Okay. So let me unpack that a bit.
21 When we were talking because the
22 Polk-Burnett process, what you described, and

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1 you can correct me if I'm wrong, was essentially
2 a corporate credit card system wherein all
3 employees incurred business expenses through
4 their -- through their corporate credit card.

5 Was the system at St. Croix similar
6 in nature or did some employees use personal
7 credit cards to incur business expenses and then
8 they sought reimbursement from St. Croix.

9 **A. The system of the company having**
10 **corporate credit cards was the same. And they**
11 **did not have employees at St. Croix that**
12 **incurred expenses on behalf of the hospital that**
13 **then had to be submitted and reimbursed.**

14 **So the only exception to that was**
15 **not -- it was not charges to a credit card for**
16 **expenditures, it was just mileage being**
17 **reimbursed to the employee.**

18 Q. Okay. And were there any other
19 expenses that employees incurred on a -- you
20 know, personally, advice on their corporate
21 credit card, that St. Croix would reimburse?

22 **A. Could you clarify that question,**

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1 **the employee on any differences and to rectify**
2 **them however they did. I would not have been**
3 **involved with that.**

4 Q. Okay. And why did you leave the
5 position at St. Croix?

6 **A. I left the position at St. Croix to**
7 **come to work for CFC.**

8 Q. Okay. So that brings us to your
9 CFC employment.

10 Have we talked about all of your
11 post-college, pre-CFC employment?

12 **A. I think so.**

13 Q. Okay. So let's just -- let's skip
14 CFC for a minute, and talk about Terilyn Wallis
15 Consulting, is that a -- an entity that you
16 created?

17 **A. Correct.**

18 Q. And is that a sole proprietorship
19 or what is the -- what is the nature of that
20 entity, is it an LLC? I'm just wondering what
21 the form of that entity is.

22 **A. It is an LLC.**

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1 Q. Okay. And where are you
2 registered?

3 **A. State of Wisconsin.**

4 Q. Okay. When did you create that
5 entity?

6 **A. Early in 2018, after being
7 terminated from CFC.**

8 Q. Okay. So that would have been in
9 or about January of '18?

10 **A. Correct.**

11 Q. Okay. What kind of consulting
12 services did you perform through Terilyn Wallis
13 Consulting?

14 **A. I provide training and education
15 services to employees of cooperatives in the
16 areas of finance, accounting, and work orders.
17 Works orders is the biggest process that
18 distribution electric cooperative engages in.**

19 **I can be engaged to provide
20 strategic services for the cooperative, meaning
21 assisting the cooperative, determine their
22 strategic direction, their strategic objectives**

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1 and goals.

2 I can help the cooperative develop
3 a comprehensive business plan. I can work with
4 the details of the business plan on financial
5 and accounting needs, some human resources
6 needs, human resource planning needs, from an
7 operations perspective, planning and forecasting
8 and budgeting for work plan projects and future
9 projects of their system.

10 I can do detailed accounting work
11 if -- if that is needed and necessary. I can
12 assist electric cooperatives with their
13 individual processes, such as maybe their
14 materials process, as they look at their
15 internal controls and they evaluate whether or
16 not something is material or significant on
17 their inventory listing, and if they should keep
18 it as an inventory material or if they should
19 make it a stock item.

20 I help them make sure that they
21 don't lose the ability to capitalize any asset
22 that they assemble out on their distribution

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1 **system, so that the assets of their cooperative**
2 **are stated as fairly and as accurately as they**
3 **possibly can be, and that the cooperative does**
4 **not take on expenses in areas where they could**
5 **be capitalizing that and recovering those costs**
6 **over 30 years.**

7 **I provide webinars, I provide**
8 **on-site training, and I provide consulting work**
9 **of that nature.**

10 Q. Have you provided -- have you
11 provided services as a consultant or independent
12 contractor through any other entity, other than
13 Terilyn Wallis Consulting, since your CFC
14 termination?

15 A. **Are you asking me if my consulting**
16 **firm has been a subcontractor for other**
17 **entities?**

18 Q. I'm just asking if you provided any
19 consulting or contractor services other than
20 through the entity you created.

21 A. **It has been through the entity I**
22 **have created, yes.**

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1 **to them in their relationship. I don't discuss**
2 **that with any cooperative.**

3 Q. Okay. Then let me ask you a
4 different question.

5 Do you perform consulting services
6 through Terilyn Wallace Consulting for electric
7 cooperatives that CFC provides loan funds for?

8 **A. Yes.**

9 Q. How many, would you estimate?

10 **A. I would be unable to estimate that**
11 **number, because without doing some research as**
12 **far as how -- how many different cooperatives**
13 **have potentially attended a webinar or a**
14 **workshop that I have provided, that the**
15 **statewide association provides, I would not be**
16 **able to answer that question even with a guess,**
17 **currently.**

18 Q. Okay. And let me ask you another
19 question.

20 When you provide consulting
21 services through Terilyn Wallace Consulting are
22 you -- do you have a client?

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1 Q. So is your best estimate that it's
2 somewhere between five and ten electric
3 cooperatives that you've done business with
4 through Terilyn Wallace Consulting that CFC also
5 does business with?

6 MS. CHAMBERS: Objection,
7 mischaracterizes the testimony. You can answer.

8 **A. I would like a moment to think,**
9 **that's what's happening.**

10 Q. Okay.

11 **A. I will say that my response is --**
12 **falls more on the spectrum of a guess, which is**
13 **what you asked me not to do.**

14 Q. Ms. Wallis, like I said at the
15 beginning, I'm not asking for you to guess. I'm
16 asking for your best estimate based on your
17 recollection.

18 **A. Okay.**

19 Q. Is it between five to ten --

20 **A. I can't --**

21 Q. -- over the life between Terilyn
22 Wallis Consulting and CFC.

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1 **A. I can't answer that question with**
2 **an estimate.**

3 Q. Okay. But you know for sure that
4 it's over five?

5 **A. I have provided direct consulting**
6 **services to electric cooperative, to more than**
7 **five electric cooperatives that are likely**
8 **members of CFC, true.**

9 Q. Okay. Could it be more than ten?

10 MS. CHAMBERS: Objection, asked and
11 answered.

12 **A. My -- I don't want to guess, and**
13 **that would -- and that's what the answer would**
14 **be, so I -- you're asking me to continue to**
15 **answer a question that I'm telling you is a**
16 **guess that I don't know the answer to.**

17 Q. I'm asking you different questions
18 every time, Ms. Wallis. I would just ask that
19 you listen to the specific questions I ask you
20 and answer that question, okay?

21 Can you -- can you name any of
22 them?

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1 **A. I can.**

2 **Q. Okay. Which are they?**

3 **THE WITNESS:** Anita, is this
4 relevant?

5 **MS. CHAMBERS:** You can answer.

6 **A. North Itasca Electric Cooperative**

7 **Arrowhead Electric Cooperative, Cavalier**

8 **Electric Cooperative, Vernon Electric**

9 **Cooperative, Adams-Columbia Electric**

10 **Cooperative, Eastern Iowa Electric Cooperative,**

11 **Access Energy Electric Cooperative, Northeast**

12 **Power.**

13 Quite frankly, several of the
14 **statewides are also members of CFC, so I know**
15 **you're frustrated at my answer, but your**
16 **question is very confusing.**

17 **Q. Okay.**

18 **A. Statewides --**

19 **Q. Okay. The only thing I've asked**
20 **you to do -- Ms. Wallis, the only thing I've**
21 **asked you to do right now, in response to my**
22 **question, is list out the electric**

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1 cooperatives -- electric cooperatives that you
2 recall working on for your consulting business
3 and that CFC also does business with, so you've
4 listed, I think, eight, currently; are there any
5 others?

6 **A. Graystone Electric Cooperative,**
7 **Blue Ridge Electric Cooperative.** There is
8 another one in Georgia, Jefferson, I think, or
9 they're in Jefferson City, I don't remember, but
10 in Georgia. **Bear Tooth Electric Cooperative,**
11 **Anchorage Alaska, I don't remember the co-op**
12 **name.**

13 **That's all I can be think of.**

14 Q. Okay. Could there be others?

15 **A. There could be others.**

16 Q. Okay. So you just listed 13
17 co-ops, is -- but -- well, let me just ask you
18 this: Do you have any sense, in your own mind,
19 how many more there could be?

20 **A. Not very many, for direct**
21 **contracted services, very limited.**

22 Q. So less than five additional ones?

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1 **A. Correct.**

2 Q. Okay. So do you think it's
3 somewhere between 13 and 18 electric
4 cooperatives that you've done business with
5 through your consulting company that CFC also
6 does business with?

7 **A. That would be a rough estimate, but**
8 **I would be uncomfortable saying that I'm**
9 **committed to that number. It's not**
10 **significantly more than that, but I cannot say**
11 **that it for sure fits between 13 and 18 with**
12 **absolute 100 percent positivity.**

13 Q. Okay. What is giving you pause?

14 **A. Unable to recall over the last five**
15 **years where else I may have been engaged.**

16 Q. Okay. But it's at least 13; right?

17 **A. I have listed ones that came to**
18 **mind easily, yes.**

19 Q. Okay. So when you testified
20 earlier that you couldn't remember whether it
21 was ten or more that's -- that wasn't true;
22 right?

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1 Wallis Consulting?

2 **A. I believe Chippewa Valley Technical**
3 **College, the fall or the summer of 2018.**

4 Q. And what was your position with
5 Chippewa?

6 **A. To teach two classes.**

7 Q. Were you an adjunct professor or
8 what was your position?

9 **A. Just an instructor.**

10 Q. Okay. And is that something that
11 you still do?

12 **A. No.**

13 Q. How long did you instruct at
14 Chippewa?

15 **A. Just over two semesters.**

16 Q. Okay. So what's the next position
17 you got after Chippewa?

18 **A. I did accept a position at**
19 **Consolidated Electric Cooperative in Mount**
20 **Gilead, Ohio.**

21 Q. And when was that that you started
22 working for Consolidated Cooperative?

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1 **A. As an employee, I began working for**
2 **consolidated in October of 2018.**

3 Q. Was there any period of time that
4 you worked for consolidated not as an employee?

5 **A. Yes.**

6 Q. And what was the nature of that
7 work?

8 **A. Consulting work.**

9 Q. For Terilyn Wallis Consulting?

10 **A. Yeah, they should go on the other**
11 **list.**

12 Q. Okay. So let's go back to that
13 list. I believe Consolidated would be the 14th
14 electric cooperative -- cooperative you
15 mentioned, is it now your best estimate that
16 there were 14 or more electric cooperatives that
17 you've done business with through Terilyn
18 Wallace Consulting that CFC also does business
19 with?

20 **A. I cannot confirm if CFC does**
21 **business with all 14 of those. I can confirm**
22 **that they are electric cooperatives in the same**

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1 Q. Okay. Ms. Wallis, I think I need
2 to go back now, and I want to make sure, again,
3 that we have the same baseline of knowledge.

4 And do you recall earlier, at the
5 beginning of the deposition, where I asked you
6 or admonished you if you don't understand my
7 question seek clarification or otherwise I'm
8 going to assume that you understood the question
9 as I asked it, it now sounds like you're saying
10 you did not understand the question earlier, so
11 I'm going to go back and repeat it, and I would
12 appreciate you to provide a fulsome, accurate
13 response to what I think is a very simple
14 question, which is: Which electric cooperatives
15 did you do business with, through Terilyn Wallis
16 Consulting, that CFC also did business with?

17 **A. Could you --**

18 Q. And when I say that CFC did
19 business with, I mean any sort of business
20 transaction, whether it's providing loan funds
21 or something else; do you understand the
22 question?

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1 **A. I need to understand from your**
2 **question if you are including purchasing a**
3 **membership as one of those examples.**

4 **Q. Is purchasing a membership that**
5 **is -- is that something that CFC oversees, is it**
6 **purchasing a membership through CFC?**

7 **A. The -- the action of the**
8 **cooperative being a member of CFC, are you**
9 **including that in your definition is what I need**
10 **clarification from you on.**

11 **Q. Okay. Yes.**

12 Now do you understand the question?

13 **A. So as I understand your question,**
14 **if a cooperative has a membership, as an**
15 **example, with these cooperatives, even if they**
16 **do not have a loan portfolio, but they either**
17 **have a membership and/or old CTCs, certificates**
18 **of ownership, you want them to be included in my**
19 **response as a yes?**

20 **Q. Yes.**

21 **A. Okay.**

22 **Q. At least initially, let's go**

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1 through that list.

2 **A. To my knowledge, all of them that**
3 **are listed there, I think, have a membership to**
4 **CFC.**

5 Q. Okay.

6 **A. Beyond the membership, I have no**
7 **knowledge.**

8 Q. Okay. So let me, again, make sure
9 I understand your testimony.

10 You believe that the 14 people --
11 sorry -- the 14 electric cooperatives that you
12 mentioned earlier, they're all CFC members; is
13 that right? That's -- that's -- you believe
14 that to be true?

15 **A. I -- I would estimate that that is**
16 **accurate, as accurate as I can do.**

17 Q. Okay. But there may be others; is
18 that right?

19 **A. May be other what?**

20 Q. Other electric cooperatives that
21 you do business with through Terilyn Wallis
22 Consulting that CFC also has a relationship with

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1 as a business relationship or as a member?

2 **A. True. We have a number of 14 or so**
3 **on your list. There could be a few more. And**
4 **what I've committed to is not cutting that off**
5 **at 18, but it is not a number that is**
6 **significantly greater than 18.**

7 Q. Okay. And then of the 14 to 18
8 that it could be, I believe your testimony was
9 that you don't have any direct knowledge of
10 whether those 14 to 18 electric cooperatives
11 also have some sort of a financial relationship
12 through CFC, whether it's by CFC providing loan
13 funds or some other financial service.

14 **A. Correct.**

15 Q. Okay. Thank you.

16 All right. Getting back to
17 consolidated cooperative, then, what was your
18 position with that company, with that
19 cooperative? Sorry, go ahead.

20 **A. Is the question done? I'm just**
21 **making sure I don't interrupt.**

22 Q. Yes. What was your position?

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1 **A. Chief financial officer and chief**
2 **human resource officer.**

3 Q. What were your duties as the chief
4 financial officer for consolidated cooperative?

5 **A. Very similar to what has been**
6 **described for other chief financial officer or**
7 **director of finance roles that we've already**
8 **discussed.**

9 Q. Okay. So are they -- were your
10 duties as the CFO for Consolidated Cooperative
11 similar to your CFO duties for the same -- or
12 sorry -- your CFO duties for Polk-Burnett and
13 your director of finance duties for St. Croix;
14 is that your testimony?

15 **A. They would essentially be -- be**
16 **similar.**

17 Q. Okay. All right. So then let's
18 put aside the CFO job. What were your duties as
19 chief human resources officer?

20 **A. Duties as human -- chief human**
21 **resources officer were to oversee one human**
22 **resource specialist, to ensure that the**

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1 **processes of hiring, onboarding, training and**
2 **education, documentation of training and**
3 **education, annual reviews, compensation plan**
4 **administration, reportings and filings, benefits**
5 **were administered for the organization.**

6 Q. Your -- your resumé -- your new
7 resumé also lists a subsidiary's business
8 manager title, what was that?

9 A. **Consolidated cooperative wholly**
10 **owns subsidiaries for a propane gas company**
11 **called Cooperative Gas, a natural gas company**
12 **called Bright Energy, a fiber company called**
13 **Fiber Cooperative, and also a people fund that**
14 **provided donations back to the local community.**

15 So the responsibility of the -- the
16 **three businesses, the two gas businesses and the**
17 **fiber business, I oversaw and coordinated those**
18 **operations, as well.**

19 Q. Okay. Are you still employed by
20 Consolidated?

21 A. **No. I left there last summer.**

22 Q. When did you leave Consolidated,

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1 can you give a better estimate than summer of
2 '22?

3 **A. Second week of July or something**
4 **like that.**

5 Q. And I'm just looking for sort of
6 the basis for why you -- why you left,
7 involuntary, resignation or otherwise, why did
8 you leave that position?

9 **A. Resignation.**

10 Q. Okay. Was there a reason that you
11 resigned from that job, was there something else
12 you had lined up?

13 **A. There was a reason that I resigned**
14 **from the job, yes.**

15 Q. What was it?

16 **A. That, for the most part, the needs**
17 **that the cooperative had in hiring me had**
18 **been -- the work that I had agreed to do back in**
19 **2018, for the most part, had come into action,**
20 **and the specific change needs that they were**
21 **asking of me were pretty well complete.**

22 Q. Okay. What was the next position

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1 **A. I assume that the person that I**
2 **would have reported to directly, because they**
3 **were the manager of that area or overseeing that**
4 **area, being Steve Kettler, that he would have**
5 **made the hiring decision for his direct reports.**

6 Q. And do you know if anyone else had
7 any input into the decision to hire you?

8 A. I would assume that if CFC was
9 using a multi-stop interviewing process, the day
10 that I came to the headquarters or office, that
11 there would be other -- other people
12 participating in that.

13 MR. BROWN: Okay. I've just opened
14 another document on the screen, which is -- I'll
15 identify as Exhibit 11, it's an offer letter
16 Bates stamped CFC6077 to 6078.

17 Ms. Wallis I'm going to slowly
18 scroll through this, just let me know if you
19 need me to stop or go back anywhere.

20 (Exhibit No. 11 was marked for
21 identification.)

22 ///

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1 BY MR. BROWN:

2 Q. Do you recognize this document?

3 A. **I recognize it now, as you bring it**
4 **up, that it would have been an offer letter at**
5 **that time.**

6 Q. And does it appear to be a true and
7 correct copy of the offer letter that CFC
8 extended to you in June of 2012?

9 A. **Yes.**

10 Q. Okay. And is that your signature
11 at the bottom of CFC6078?

12 A. **Appears to be my signature.**

13 Q. All right. And it looks like you
14 signed it on June 28th of '12; is that right?

15 A. **It appears that way.**

16 Q. Okay. I'm going to go back up. Do
17 you see the start date for your employment?

18 A. **I do.**

19 Q. Okay. Does it -- do you -- do you
20 recall actually starting on or about September
21 10th, 2012?

22 A. **Yes, I do.**

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1 **A. Initially, I covered northern**
2 **Minnesota, half of North Dakota, and all of**
3 **South Dakota.**

4 Q. And did that change at any time?

5 **A. Couple of times.**

6 Q. Can you just sort of tell me what
7 the changes were and when you recall those
8 happening, to the best of your recollection?

9 **A. Yeah, dates I don't recall**
10 **specifically of them happening, but there was a**
11 **transition where I took on all of North Dakota**
12 **at a -- at one point, and that was at the point**
13 **that Jim Kaufman went back into retirement, so**
14 **he worked for CFC, he went back, he worked for**
15 **CFC and retired, he came back and worked for**
16 **them for awhile, and when he retired for the**
17 **second time he was covering western North**
18 **Dakota, which included one of the largest**
19 **borrowers of the CFC, at the time, when he**
20 **retired I took on that western area of North**
21 **Dakota, as well.**

22 **And then, at another point, and I**

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1 don't remember the timeline on this, I also
2 added a number of Minnesota cooperatives, so
3 that I moved up to having 50 percent of the
4 Minnesota distribution cooperatives and the
5 statewide in that transition, that was taking
6 those accounts more away from Mike Bunney, and
7 turning them over to underneath me.

11 Ms. Wallis, I brought a document up
12 on the screen titled: Position profile, which
13 is Bates CFC6104 to 6105. I'm now going to
14 scroll through this slowly for you, and just let
15 me know if you need me to stop or go back.

16 (Exhibit No. 12 was marked for
17 identification.)

22 // /

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1 BY MR. BROWN;

2 Q. Oh, I'm sorry. So those are Bates
3 stamped numbers at the bottom, before we produce
4 the documents we added these Bates stamped so we
5 can easily identify the documents. So when I
6 refer to that number it's this little number at
7 the bottom of the page?

8 A. **That's just your law firm**
9 **identifying those numbers.**

10 Q. Correct.

11 A. **Okay.**

12 Q. So that would not have appeared on
13 the document when you first saw it?

14 A. **Okay. So then this document is the**
15 **position profile.**

16 Q. Okay. And does it appear to be a
17 true and correct copy of the position profile
18 for your position at the beginning of your
19 employment with CFC? And you can reference the
20 date here at the bottom, if that helps.

21 A. **Can you scroll up, please?**
22 Q. Yes.

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1 **A.** **Can you scroll down, please?**

2 **Q.** Yes.

3 **A.** **Okay.**

4 **Q.** Do you want me to keep going?

5 **A.** **Yeah, I'll read the whole document,**
6 **if you don't mind.**

7 **Q.** Yeah, no problem.

8 **A.** **I'm good.**

9 **Q.** Okay. So the question was: Does
10 this appear to be a true and correct copy of the
11 position profile for your position at the
12 beginning of your employment?

13 **A.** **Yes.**

14 **Q.** Okay. And I know that, you know,
15 you're -- you had some additional
16 responsibilities, but does -- do these -- the
17 job responsibilities on this document accurately
18 reflect -- reflect what your responsibilities
19 were as an RVP for CFC?

20 **A.** **Yes.**

21 MR. BROWN: Okay. I'm going to
22 close that. I'm now going to open another

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1 is not a document you created, this is a
2 document that came from CFC, but do you see your
3 name about -- well, I'm highlighting it right
4 now.

5 I'm just going to direct your
6 attention to this line, because I'm going to ask
7 you some questions about your salary, okay?

8 **A. Okay.**

9 Q. Was your starting salary with CFC
10 \$120,000?

11 **A. Yes.**

12 Q. And do you recall your salary as of
13 2015?

14 **A. Not without looking here, I mean, I
15 would look at that.**

16 Q. Okay. Got it. Does \$142,203.60
17 sound about right?

18 **A. It does sound about right.**

19 Q. Okay. And do you also recall
20 receiving an additional \$21,745.89 in
21 compensation, in the form of incentive
22 compensation, in 2015?

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1 And I'll just tell you what I did,
2 I subtracted this number, right here, your gross
3 earnings from your base salary, to get that
4 number. So does that sound right, that you
5 received about \$22,000 in additional incentive
6 compensation for 2015?

7 **A. Yeah, I think the only -- it --**
8 **it's minor, but I'll identify it as I don't know**
9 **which years I received a couple spot awards that**
10 **I think were -- I don't remember the dollar**
11 **amounts, anywhere from \$200 to \$1,000, and**
12 **they're in there one or two years, so as long as**
13 **we agree that that could be in one of those**
14 **years, I'm good.**

15 Q. Sure. Right. So when I say
16 incentive compensation, I mean compensation
17 through, you know, a long form -- long-term or
18 short-term incentive compensation plans, bottom
19 work bonuses, anything like that, anything in
20 addition to your base salary is what I'm talking
21 about when I say incentive comp; does that make
22 sense?

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1 **A. Sure.**

2 Q. Okay. Do you recall if you
3 received a salary increase for 2016?

4 **A. I would -- I would say that I did,**
5 **I don't recall the amount.**

6 Q. Okay. And I'll try to orient us
7 again, here.

8 Okay. This -- this document shows
9 that your salary, as of the end of '16, was
10 \$150,000; does that sound right?

11 **A. That sounds reasonable, yep.**

12 Q. Okay. And then, again, I -- I --
13 all I did was subtract this gross earnings
14 number from your base. So do you think it is
15 accurate that you received an additional
16 \$28,832.92 in incentive compensation for 2016?

17 **A. Yes, sure.**

18 Q. Okay. Do you recall if you
19 received a salary increase for 2017?

20 **A. I'm pretty sure I did.**

21 Q. Okay. And is it your recollection
22 that your salary in 2017 was \$157,500?

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1 **A. I didn't recall that, but it does**
2 **not seem that that would be -- there's no reason**
3 **for me to believe that that's not accurate.**

4 Q. Okay. And again, same -- same sort
5 of calculus, but -- or subtraction, not
6 calculus, but I subtracted your gross earnings
7 in '17 from your base, did you also receive an
8 additional \$28,985.07 in incentive compensation
9 for 2017?

10 **A. Very possible.**

11 Q. Okay. We've already talked about
12 Steve Kettler; is he trustworthy, in your
13 opinion?

14 **A. Yeah.**

15 Q. What about Dan Cawood?

16 **A. No reason to believe -- I have no**
17 **experiences otherwise.**

18 Q. Okay. Who is Sheldon Peterson?

19 **A. Former CEO.**

20 Q. Is he trustworthy -- trustworthy,
21 in your opinion?

22 **A. I don't have a lot of personal**

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1 **human resources.**

2 Q. Is she trustworthy, in your
3 opinion?

4 A. I have no idea. I don't know her,
5 so I have to go -- I don't know that I had --
6 you know, I had about the same amount of
7 exchanges with her as John Evans, so I won't --
8 I don't have any personal experiences to share
9 with -- on her, either. I would have to assume
10 that an organization would go through the same
11 process to put someone in a position like that.

12 MR. BROWN: Okay. Can we go off
13 the record, please?

14 THE VIDEOGRAPHER: Yes. The time
15 is 1:43 p.m.

16 We are off the record.

17 (Recess.)

18 THE VIDEOGRAPHER: The time is 2:16
19 p.m.

20 We're back on the record.

21 Please proceed.

22 MR. BROWN: Ms. Wallis, I'm going

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1 to go through some policy documents right now,
2 so I'm going to introduce the next exhibit in
3 order, which is Exhibit 14. I'm going to pull
4 that up on the screen share right now.

7 BY MR. BROWN:

8 Q. Okay. Ms. Wallis, do you see the
9 document on the screen titled: Ethics policy,
10 Bates stamped CFC3372 to 3379?

12 Q. Okay. I'm going to scroll through
13 this. It's an 8-page document. I'm going to
14 move pretty quickly, because I'm not planning on
15 asking you any questions about the content of
16 this, at this point. I just want to make sure
17 you recognize the document.

18 A. Could you scroll all the way -- oh,
19 sorry. Could you scroll all the way to the top,
20 just to review that first page for just one
21 moment?

22 Q. Yes.

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1 **A.** **Real quick?**

2 **And then just scroll just a little**

3 **bit going down, a little bit more, to the**

4 **next -- just looking at the break to the second**

5 **page.**

6 **Q.** Let me --

7 **A.** **Okay. I'm good.**

8 **Q.** Okay. Do you recognize this

9 document?

10 **A.** **Yes.**

11 **Q.** What is it?

12 **A.** **It's the ethics policy.**

13 **Q.** And does it appear to be a true and

14 correct copy of the ethics policy for CFC that

15 existed on or about December 6th, 2011?

16 **A.** **Yes.**

17 **Q.** Going to the last page of Exhibit

18 14, is that your signature at the bottom of

19 CFC3379?

20 **A.** **Appears to be, yes.**

21 **Q.** Okay. And have you read CFC's

22 ethics policy?

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1 **A. At that time, I did. I also likely**
2 **read it at the time that Andrea did a deposition**
3 **with me.**

4 Q. Okay. And do you understand the
5 ethics policy?

6 **A. Yes.**

7 MR. BROWN: All right. The next
8 exhibit I'm going to intro do you see is Exhibit
9 15, titled: Code of conduct and business
10 ethics, and it's Bates stamped CFC3380 to 3398.

11 (Exhibit No. 15 was marked for
12 identification.)

13 BY MR. BROWN:

14 Q. Okay. Ms. Wallis, this is a much
15 longer document. I'm going to do the same
16 thing. I'll scroll through it pretty quickly,
17 just so you can see the document and recognize
18 it.

19 **A. Yes, I recognize this document from**
20 **the items that you sent over to the Employment**
21 **Law Group in the batch.**

22 Q. Okay. Okay. So I'm just going to

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1 keep looking through it, quickly, just so we're
2 on the same page.

3 Okay. What is this document?

4 **A. Maybe the code of conduct document**
5 **of whatever's on the front cover.**

6 Q. Okay. And does it appear to be a
7 true and correct copy of the code of conduct
8 that existed during your employment with CFC?

9 **A. It does.**

10 Q. Have you read CFC's code of
11 conduct?

12 **A. In the past, I have.**

13 Q. Did CFC provide you a copy?

14 **A. Yes, or it would have been**
15 **available on the internet.**

16 Q. Okay. I'm going to direct your
17 attention to CFC3397. Can you please -- and
18 I'll blow it up a little bit -- can you direct
19 your attention to the language underneath the
20 Q&A, called accounting irregularities, and just
21 review that, just read it to yourself and let me
22 know when you're finished.

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1 **A. Okay.**

2 Q. Do you see where it states, quote,
3 the integrity and accuracy of CFC financial
4 statements is critical to the competence of
5 CFC's investors and members, close quote?

6 **A. Yes.**

7 Q. Do you agree with that statement?

8 **A. I do.**

9 Q. Do you see where it states that
10 account -- quote, accounting irregularities
11 could raise red flags with CFC's investors, and
12 may cause a loss of confidence in the financial
13 stability of the organization, close quote?

14 **A. Yes.**

15 Q. Do you agree with that statement?

16 **A. Yes.**

17 Q. Do you see where it states that
18 this can lead to higher prices for accessing
19 credit in the capital markets and, in turn,
20 drive up the costs of borrowing for CFC and our
21 members, close quote?

22 **A. Yes.**

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1 Q. Do you agree with that statement?

2 **A. Yes.**

3 Q. Do accounting irregularities, in
4 your experience, include fraud or errors in
5 preparing the financial statement?

6 **A. Yes.**

7 Q. In your experience, could an
8 accounting irregularity include a
9 misrepresentation or a false statement regarding
10 a matter contained in CFC's financial records,
11 reports, or audits?

12 **A. Can you repeat that, slowly.**

13 Q. Sure. In your experience -- sure.

14 In your experience, can an
15 accounting irregularity include a
16 misrepresentation or false statement regarding a
17 matter contained in CFC's financial records,
18 reports or audit documents?

19 **A. Yes, it -- it could include that.**

20 MR. BROWN: Okay. The next
21 document I'd like to show you is -- and I'm
22 identifying it as Exhibit 16 -- it's titled:

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1 Corporate practice, corporate travel policy, and
2 Bates stamped CFC3339 to 3346.

5 BY MR. BROWN:

6 Q. All right. Ms. Wallis, I'm going
7 to again scroll through this document, which is
8 eight pages. And then let me know if you
9 recognize it.

10 MR. BROWN: And for the court
11 reporter, I just note that this is a
12 confidential document. I would like to treat it
13 as confidential.

14 And I'm sorry, while -- while we're
15 at it, I would also like to treat the -- and I'm
16 sorry, just bear with me, Ms. Wallis -- I'd also
17 like to treat Exhibit 13 as confidential, the
18 RVP report.

19 THE REPORTER: Okay.

20 (Confidential documents Exhibit 13
21 and 16.)

22 //

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1 BY MR. BROWN:

2 Q. Okay. Ms. Wallis, I've now
3 scrolled through the entire document; do you
4 recognize it?

5 A. **I have a clarifying question on the**
6 **document.**

7 Q. Okay.

8 A. **I do recognize it, and could you**
9 **clarify for me if this is the same document that**
10 **is at the back of the employee handbook or is**
11 **this a longer version of the full policy and**
12 **then a portion of it is in the back of the**
13 **employee handbook? And maybe we'll get to that**
14 **in your exhibits.**

15 Q. I will introduce the handbook
16 later, but my recollection, this is a more
17 fulsome statement of the travel policy. But
18 there's also a travel policy section of the
19 handbook that is consistent with this.

20 A. **Okay. I do recognize this travel**
21 **policy.**

22 Q. What is it?

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1 **A. The corporate travel policy.**

2 **Q. It is --**

3 **A. And with portions --**

4 **Q. Go ahead.**

5 **A. With portions of this -- I think**

6 **it's portions of this in the employee handbook,**
7 **towards the back, as well.**

8 **Q. Okay. And does this appear to be a**
9 **true and correct copy of the corporate travel**
10 **policy that existed on or about October 18th,**
11 **2017, to the end of your employment with CFC?**

12 **A. I have no reason to believe it**
13 **would not be that document, agree.**

14 **Q. Okay. Have you read CFC's**
15 **corporate travel policy?**

16 **A. I'm sure I did, years ago.**

17 **Q. And was there anything in there**
18 **that you didn't understand --**

19 **A. I don't recall --**

20 **Q. -- when you read it?**

21 **A. -- it if there was.**

22 MR. BROWN: Okay. And so the next

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1 document will be -- I'll identify as Exhibit 17,
2 and these are excerpts from CFC's employee
3 handbook. And the Bates range is CFC6561 to
4 6690.

7 BY MR. BROWN:

8 Q. Ms. Wallis, this isn't the entire
9 handbook, because it's lengthy, but I'm just
10 going to scroll through it so you can kind of
11 see the excerpts that I pulled out.

12 And we'll go back over a few of
13 these, but I'm just showing you these for the
14 purposes of identifying the documents.

15 Okay. So Ms. Wallis, to your
16 point, here's the excerpt --

17 A. Okay.

18 Q. -- from the corporate trial
19 practice lawsuit. Okay. That's the end of the
20 document; do you recognize this document?

21 A. I do.

22 Q. What is it?

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1 **A. The employee handbook.**

2 Q. And does it appear to be a true and
3 correct copy of excerpts from the handbook that
4 existed towards the end of your employment at
5 CFC?

6 **A. I have no reason to believe it
7 would not be, yes, it looks appropriate.**

8 Q. Okay. Did you ever read the
9 handbook or portions of it?

10 **A. Portions of it, I don't know if I
11 read the whole handbook.**

12 Q. Did CFC provide you a copy of the
13 handbook?

14 **A. I think they provided a copy of
15 this back in 2012, on a CD disc, on a CD, and
16 not in print form.**

17 Q. Okay. So they gave you -- they
18 gave you the means to access it, but they didn't
19 actually give you a hard copy version of it?

20 **A. Right.**

21 Q. Okay. The portions that you
22 reviewed, did you understand the contents?

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1 **A. Yes.**

2 Q. Were you aware that CFC has an open
3 door policy to management and HR if you have any
4 concerns or complaints?

5 **A. Yes.**

6 Q. So you knew that you could contact
7 your management or HR if you were issues with
8 your employment?

9 **A. Yes.**

10 Q. Were you aware that CFC has an
11 equal opportunity -- equal employment
12 opportunity policy and a policy prohibiting
13 discrimination?

14 **A. Yes.**

15 Q. And are you aware that as part of
16 that policy you are required to report any
17 discrimination to CFC?

18 **A. Yes.**

19 MR. BROWN: The next document I
20 would like to show you is a one-page document,
21 titled: Employee -- employee acknowledgment
22 form, and it's Bates stamped CFC6160.

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1 (Exhibit No. 18 was marked for
2 identification.)

3 BY MR. BROWN:

4 Q. Ms. Wallis, can you review this
5 one-page document, and I'll make it larger for
6 you. And let me know -- too large -- and then
7 let me know when you're done.

8 A. I've read it.

9 Q. Do you recognize this document?

10 A. I recognize this document, yes.

Q. What is it?

A. An employee acknowledgment form.

13 Q. And does this appear to be a true
14 and correct copy of the employee acknowledgment
15 form that you signed on or about September 13th,
16 2012?

17 A. That appears to be true.

18 MR. BROWN: Okay. The next
19 document I would like to identify is Exhibit 19,
20 which is titled: Antiharassment policy. And
21 it's Bates stamped CFC6325 to 6328.

(Exhibit No. 19 was marked for

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1 identification.)

2 BY MR. BROWN:

3 Q. Ms. Wallis, I'm just going to
4 scroll through this, as well. And you can let
5 me know, it's a four-page document; do you
6 recognize this document?

7 A. **Yes.**

8 Q. And what is it?

9 A. **It's the antiharassment policy.**

10 Q. And does it appear to be a true and
11 correct copy of CFC's antiharassment policy?

12 A. **I have no reason to believe it is
13 not, looks good.**

14 MR. BROWN: Okay. The next
15 document -- I'm sorry, let me just mark a few
16 more, just bear with me for a minute.

17 Okay. Ms. Wallis, I'm going to
18 share my screen again. The next document I'd
19 like you to review is called -- well, I'll
20 identify it as Exhibit 20, and it's titled:
21 Complaints regarding accounting, auditing,
22 internal accounting control, irregularities, and

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1 anti-retaliation, and it is Bates stamped 6372
2 to 60 -- sorry -- CFC6372 to 6374.

3 (Exhibit No. 20 was marked for
4 identification.)

5 BY MR. BROWN:

6 Q. Ms. Wallis, I'm going to scroll
7 through this 3-page document.

8 Do you recognize this document?

9 A. **Not really.**

10 Q. Okay. Do you know if you've ever
11 reviewed this policy?

12 A. **I -- I don't recall reviewing it,**
13 **but I'm not saying that it wasn't part of the**
14 **package and I didn't review it at the time. I**
15 **just don't recall this particular policy.**

16 MR. BROWN: Okay. The next
17 document I'd like to show you I'm going to
18 identify as Exhibit 21, which is titled:
19 Corporate practice, CFC open door and help line
20 reporting, and it's Bates stamped CFC6510 to
21 6514. And I'm going to scroll through this
22 five-page document so Ms. Wallis can review it.

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1 (Exhibit No. 21 was marked for
2 identification.)

3 THE WITNESS: I think -- sorry, can
4 you slow down or just go back up to the top,
5 real quick, and we'll catch up fast, again.
6 Yeah, we're good.

7 MR. BROWN: Oh, okay. And for the
8 court reporter, I would like to treat this
9 document as confidential.

10 (Confidential document Exhibit 21.)

11 BY MR. BROWN:

12 Q. Do you recognize this document?

13 A. This would be a document that I'm
14 guessing I have seen in the past. I -- I don't
15 recall reading it for -- yeah.

16 Q. Okay. Do you have any reason to
17 doubt that this is a true and correct copy of
18 CFC's open door and help line reporting policy?

19 A. I do not have any reason.

20 MR. BROWN: Okay. Okay. And then
21 the final policy I would like to show you right
22 now is -- I'll identify it as Exhibit 22,

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1 titled: Whistle blower reporting and
2 anti-retaliation, which is Bates stamped CFC6354
3 to 6356, and scrolling through this three-page
4 document so Ms. Wallis can review it.

5 (Exhibit No. 22 was marked for
6 identification.)

7 BY MR. BROWN:

8 Q. Ms. Wallis, do you recognize this
9 document?

10 A. I do.

Q. What is it?

12 A. The whistle blower -- blower
13 reporting and anti-retaliation policy.

14 Q. And does it appear to be a true and
15 correct copy of the whistle blower reporting and
16 anti-retaliation policy that existed on or about
17 December 5th, 2016?

18 A. That would be reasonable to assume,
19 yes.

20 Q. Okay. So were you aware that CFC
21 had a policy in place to protect whistle blowers
22 in reporting violations of law and misconduct?

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1 **A. Yes.**

2 Q. Okay. When you were working for
3 CFC did you always use your personal credit card
4 for the business expenses you incurred for your
5 work?

6 **A. Yes.**

7 Q. Did you ever request a company
8 card?

9 **A. No.**

10 Q. A company credit card?

11 Can you -- and I'm not asking about
12 CFC's process for processing expense
13 reimbursements, I'm asking you about what your
14 process was to prepare and submit your expense
15 reimbursement reports.

16 Can you walk me through the process
17 that you used to -- to submit your expense
18 reimbursement requests?

19 **A. Yes. Well, this process changed in**
20 **my time at CFC. When I began at CFC the expense**
21 **submission process was 100 percent paper**
22 **submission. And then, later on, I believe they**

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1 A. The part of the process that
2 changed for my expense report, not necessarily
3 me prepping the expense report, is that a paper
4 expense report would be submitted to Rodney
5 Sanford, who is an assistant inside of the
6 member services group.

7 And for my first years of
8 employment at CFC, one of his responsibilities,
9 with the submission of the Excel spreadsheet
10 manual total page or pages for reimbursement was
11 he would then review those individual
12 submissions, and he would provide feedback and
13 actually correct those documents for differences
14 that he found in that preliminary review.

15 So for example, if he found that
16 you submitted a detailed receipt, but you
17 entered in the grand total of the food and drink
18 at the restaurant, but you didn't include maybe
19 the tip, and, therefore, you had shorted
20 yourself the reimbursement for the tip, he would
21 recognize that and he would either call you or
22 he would actually ask you if he could change the

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1 document and then submit -- submit it once he
2 had gone through and reviewed everything that
3 you had submitted.

4 Whereas, later on, once the
5 electronic version of submitting sheets,
6 expenses was implemented, there was great
7 discussion, significant discussion about this
8 change at one of the RVP -- we kind of called
9 them summits or conferences -- where we would
10 gather out at the CFC headquarters for updates
11 and things like that.

12 When we got trained on this new
13 Oracle Fusion option there was no double
14 checking process. There was no review of your
15 expenditures, as there had been in the past.
16 And once you submitted them, they were directly
17 going into CFC's approval process system.

18 But generally, how the receipts
19 were put together, was similar for me. And the
20 only other process that really adjusted during
21 my time at CFC is numerous times, because of the
22 amount of air travel that I did, and because of

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1 **when I was hired, it was requested that I use**
2 **CFC's corporate travel agency, FCM, FMC,**
3 **whatever the name is, SCM travel, there were**
4 **times where I was either not getting e-mails or**
5 **getting accurate information regarding my**
6 **receipts, and I complained about that a number**
7 **of times along the way.**

8 **So that was a frustration, and that**
9 **would sometimes delay me submitting those**
10 **airline expenses. But otherwise the process of**
11 **submitting was the same from start to finish of**
12 **being there.**

13 Q. Okay. You said you complained
14 about getting receipts from the travel agency;
15 did I have that right?

16 A. **Right. At times the --**

17 Q. What did --

18 A. **The actual invoice didn't come into**
19 **my --**

20 Q. Ms. Wallis, I just asked you a yes
21 or no question. I'm trying to move along,
22 here --

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1 **accounting credentials, without looking at them.**

2 Q. Okay. So are you aware that he's
3 also a certified fraud examiner?

4 **A. Not without looking at -- at more
5 details to know.**

6 Q. Okay. Is it true that you allege,
7 generally, that the internal audit in CST
8 Group's investigation was discriminatory in
9 nature?

10 **A. Yes.**

11 Q. Why do you think so?

12 **A. My understanding of what CFC did
13 for a test, was CFC ran a report to determine
14 how many times there were duplicate, meaning
15 equal, charges, that were submitted for expense
16 reimbursement.**

17 **And through that initial -- that
18 that's what the test is, and that particular
19 approach to a test is discriminatory because
20 once the results of that test were known my
21 number of transactions inside of that test were
22 significantly greater than anyone else's inside**

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1 **of that.**

2 **And the reasons that my duplicates**
3 **were greater, the basis for that or the**
4 **reasoning for that, was never considered or**
5 **taken out of the test. It was assumed that**
6 **duplicate charges equals great potential for**
7 **fraud.**

8 Q. Okay. So let me try to unpack that
9 to make sure I understand.

10 Is it -- is it your contention that
11 it wasn't the audit, itself, or the
12 investigation, itself, that was discriminatory,
13 it was the fact that CFC did not come to you and
14 ask for your explanation for the duplicates, at
15 least not before January of '18; is that your
16 contention why the audit and the investigation
17 was discriminatory?

18 MS. CHAMBERS: Objection,
19 mischaracterizes -- I'm sorry.

20 Objection, mischaracterizes the
21 evidence or the testimony.

22 You can answer.

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1 A. It would be both. Not -- not one
2 or -- or -- it would be both the test as well as
3 me as a participant in the test.

4 Q. Okay. Because I think what you
5 just testified about would be the latter, right,
6 that you were not a participant?

7 What about the test, itself, was
8 discriminatory in nature, in your opinion?

9 A. The test looked for duplicates in
10 the assignments that I had, and the
11 responsibilities that I had as an RVP. While
12 they may be similar, they may be the same job
13 description that you said earlier, that job
14 description flat out said that there would be a
15 lot of ambiguity within the job.

16 And so my particular
17 responsibilities were that I -- I, number one,
18 had a service area that I flew to extensively,
19 where others would not have been flying to get
20 to their location, meaning, I would have
21 repetitive flights to the same places time and
22 time again. Those flights might have the exact

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1 same price tag, multiple times.

2 Whereas, someone that might be
3 driving a car to their -- to their locations,
4 they might be filling their gas tanks, but the
5 likelihood of them always having the same dollar
6 amount to go along with that would have been
7 less likely.

8 And then, from there, I had more
9 accounts than any other RVP. I had more
10 cooperatives assigned to me, specifically, and
11 so I was extremely busy.

12 And as you look at the duplicates
13 that -- that came through, you will notice that
14 my eating was significantly different than other
15 people's eating patterns. Many of the
16 duplicates that would have popped up would have
17 been quick, fast food, eating by myself to get
18 from location A to B to C, and it was not
19 uncharacteristic for me to get to three
20 locations in one day.

21 Whereas, another RVP might go to
22 one location that day. They might take someone

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1 to lunch. They're always going to a different
2 restaurant. It's a very laid back day. And
3 each restaurant that they go to is going to be a
4 different number of people sitting down to eat
5 and a different price tag at each unique
6 restaurant, where mine was very similar
7 restaurants that were fast food.

8 So the likelihood -- and there was
9 an example given a week or so ago, when Gary did
10 his deposition, like, 159 or so duplicates were
11 found. Well, you know, if you -- if you ran
12 my -- my expenses just for three years, I had
13 well over 215, and they are duplicates
14 because -- not because -- not because I did
15 anything wrong, because that is what my work
16 was.

17 And in addition to that, I was
18 trying to very quickly get done with my work so
19 that I could also contribute to CFC by doing
20 strategic planning services and also contribute
21 by doing training and teaching, because we had a
22 philosophy of be everywhere all the time. And I

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1 was able to do that very efficiently and very
2 well.

3 So my travel trends were going to
4 be significantly different than others.

5 Q. Okay. Ms. Wallis, do you then
6 admit that you did, in fact, submit duplicate
7 expense reimbursements?

8 A. I am admitting that the submissions
9 that I had had the same dollar amount. It does
10 not mean that they are for the same transaction.

11 Q. Okay. Are you aware that CST Group
12 and CFC both found that you had multiple
13 instances of submitting expense reimbursements
14 for the exact same transactions, after analyzing
15 the supporting documentation?

16 A. I'm aware that that -- that I was
17 told that after -- after the fact.

18 Q. Okay. Do you have any reason to
19 doubt their findings?

20 A. Well, after numerous times of
21 asking for a full record of those findings, it
22 was very difficult to get -- get that, and --

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1 and then the copy, this was quite some time ago,
2 the copy quality of what was produced was
3 illegible to be able to read each one of those
4 receipts. So I -- I would not be able to
5 confirm if those had been submitted that way.

6 And then the second question that
7 comes into play is if those were submitted in
8 error, not in fraud, then why is it that when
9 each one of the transactions on my American
10 Express are added up they don't show that?

11 Q. Okay. Ms. Wallis, you -- we talked
12 about a couple of reasons that you believe CFC's
13 actions were discriminatory in nature against
14 you; is there anything else in the internal
15 audit or the CST Group investigation that you
16 think indicates discrimination against you?

17 A. No.

18 MR. BROWN: Okay. Going to
19 introduce the next exhibit in order, which is
20 Exhibit 23, which is titled: Top 25 employee
21 expense reimbursements, and it's Bates stamped
22 CFC6560.

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1 that CFC considered CST Group's findings, that's
2 my question.

3 MS. CHAMBERS: My objection is it
4 lacks foundation, but you can answer.

5 **A. I don't have any reason to believe**
6 **that CFC would not have used that information.**

7 Q. We understand that you've taken
8 issue with some of CFC's decisions related to
9 the internal audit and CST Group's third-party
10 investigation. Which of CFC's decisions or
11 actions related to the internal audit or CFC
12 investigations do you believe indicate
13 discrimination?

14 I think we've talked about CFC not
15 approaching you earlier, to get your
16 explanation, and then, of course, we have your
17 termination.

18 Is there anything else? Are there
19 any other decisions by CFC, in conjunction with
20 the audit or the CST Group investigation, that
21 you think indicates discrimination?

22 **A. Well, that my -- my volume of**

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1 travel was not taken into consideration in
2 proportion to others, that the cost of my travel
3 was higher than others.

4 And my example of that is that you
5 will not find anyone on this list, with the
6 exception of John Kimsey, I'll put him as an
7 exception, the -- the highest people in one
8 through five needed to fly Delta Airlines, and
9 their flights are significantly more expensive
10 than a Southwest Airlines.

11 And so the prices -- there was --
12 what was taken into consideration didn't
13 consider how much travel we needed to do, where
14 that travel was, and the fact that there could
15 have been what -- what you're viewing in your
16 tests as duplicates is actually the same amount
17 of money being spent for services on -- similar
18 services, but it wasn't at the -- it wasn't the
19 same time. And that was considered to meet the
20 test that they were -- that there was fraudulent
21 activity.

22 So my numbers automatically would

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1 **have been significantly higher than anyone**

2 **else's.**

3 Q. Okay. Are there any other
4 decisions that CFC made, in conjunction with the
5 audit, the investigation, that you believe
6 indicates discrimination, other than what we've
7 already discussed?

8 **A. Yes.**

9 Q. What?

10 **A. Once the termination was complete,**
11 **and the employee group was rather shocked by the**
12 **termination, two events happened after that,**
13 **that I had comments just randomly come back to**
14 **me, and the -- one of those --**

15 Q. Ms. Wallis, just please listen to
16 my question. I promise you we're going to get
17 to that.

18 What I asked you was: Was there
19 anything, in conjunction with the audit or CST
20 Group's investigation, that you believe
21 indicates discrimination.

22 And you started to talk about stuff

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1 the 8,000 documents that we produced, but noted.

2 BY MR. BROWN:

3 Q. Who at CFC do you believe
4 mistreated you?

5 A. **What is your definition of
6 mistreat?**

7 Q. Who at CFC committed any act
8 against you that you considered to be unlawful
9 and part of your lawsuit?

10 A. **Yeah, so a comment -- an
11 inappropriate comment that was made to me was
12 made by John Grant, in December of 2017, on my
13 final appearance in the field to provide a
14 director training program.**

15 **It was a comment that I'm sure
16 you're aware of, in regards to the amount of --
17 the ratings and my scores, which had been very
18 high. I had been on a run of great results,
19 which was one of CFC's pillars or strategic
20 objectives to have scores, and mine was
21 definitely north of that expectation.**

22 **So John just said, in John's way,**

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1 well, that's not going to happen. Now, at the
2 time that John said it, I laughed at it, because
3 I wouldn't believe that someone that I would
4 work with, that we're all trying to reach high
5 scores, would be doing that to be derogatory.
6 But after the fact, that definitely is
7 inappropriate, so that -- that's one instance.

8 And -- and the testing that was
9 done, that was -- was administered by -- by Gary
10 Bradbury, for the reasons that I've already
11 stated, don't take into consideration the
12 specifics that I had assignments that would have
13 caused my duplicate submissions.

14 My actual duplicate, that the same
15 dollar amount would be repetitive, and that I
16 would automatically show up in that report,
17 which was the basis to do the next test, that
18 that -- that that was an acceptable test,
19 without any sort of modification or analysis
20 after simply doing the duplicate run.

21 Q. Are you aware that at every step of
22 CFC's internal audit and the CST Group

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1 **was terminated.**

2 Q. Okay. Getting back to that first
3 meeting, briefly, with -- between Joel Allen and
4 the RVPs, were there female RVPs present as well
5 as male RVPs present?

6 **A. At most -- I don't know if BobbiJo**
7 **Jeffries was present or not. She would have**
8 **been the only female RVP employed at that time.**

9 Q. Okay. So do you think that there
10 was at least one present during that meeting?

11 **A. I don't know, unless either she was**
12 **there or she wasn't there.**

13 Q. Okay. So you don't have any
14 personal knowledge of who was in that meeting?

15 **A. No.**

16 Q. Okay. Let's get back to the -- the
17 John Grant comment.

18 So in your complaint you say: In
19 or around December of '17, after successfully
20 completing an educational panel together, John
21 Grant complimented your excellent survey
22 results, but noted to her that, quote, that's

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1 not going to happen again; is that your
2 recollection?

3 **A. Yes.**

4 Q. Were you and John Grant friendly?

5 **A. Yeah, I think I was about as**
6 **friendly to John Grant as anyone around there.**

7 Q. Okay. Did you consider him a
8 friend?

9 **A. I considered him a coworker. A**
10 **personal friend, no.**

11 Q. Were both of you presenters on that
12 educational panel?

13 **A. Together, we were, we had a --**
14 **segments that we co-taught together.**

15 Q. And you both received survey
16 results after that panel, which expressed
17 feedback for both you and Mr. Grant; right?

18 **A. Yes, as well as numerous ones**
19 **leading up to that day.**

20 Q. And the feedback for your
21 presentation was better than the feedback that
22 John received; is that right?

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1 **A. Yeah, in the few leading up to that**
2 **one in December, at the time that John made the**
3 **comment to me the December event was not over,**
4 **so I don't know what the score of that ever was.**

5 **Q. Okay. So then after John noticed**
6 **that you got very good survey feedback, and that**
7 **it was better than his, he said: That's not**
8 **going to happen again; right?**

9 **A. Yeah.**

10 **Q. Was he -- could it be possible that**
11 **he was joking?**

12 **A. Well, I sure laughed at it, at the**
13 **time.**

14 **Q. Okay. Right. So do you think that**
15 **Mr. Evans left that interaction, thinking: I**
16 **made a joke, and Terilyn thought it was funny?**

17 MS. CHAMBERS: Not Evans.

18 MR. BROWN: Sorry, John Graham.

19 Sorry.

20 THE WITNESS: Want to repeat your
21 question, just so it's clear.

22 MR. BROWN: Sure.

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1 BY MR. BROWN:

2 Q. Is it possible that Mr. Grant left
3 that meeting with you thinking nothing had
4 happened, that he simply made a joke and you
5 laughed at it?

6 A. **Maybe, or John Grant felt**
7 **intimidated that I was getting my doctorate**
8 **degree in adult education, and I was very**
9 **interested in developing training and education**
10 **programs that were valued by our member owners,**
11 **and he didn't have that background, and maybe he**
12 **was feeling threatened.**

13 Q. And is that pure speculation on
14 your part?

15 A. **Pure speculation.**

16 Q. Wasn't this just friendly banter,
17 that he would get better survey results than you
18 the next time?

19 A. **I don't know that you could assume**
20 **that with John Grant. He could be all over the**
21 **board in his comments. There -- I wouldn't -- I**
22 **wouldn't classify or characterize John Grant as**

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1 **always just plain being humorous.**

2 Q. Did he say anything about your sex
3 during that meeting?

4 **A. He did not, during that meeting.**

5 Q. Why do you think Mr. Grant's
6 comment was discriminatory or retaliatory in
7 nature, is there anything other than what we've
8 discussed?

9 **A. No.**

10 Q. Do you know if Mr. Grant made the
11 decision to terminate your employment?

12 **A. I would think he would not have the**
13 **primary decision to that. He would not have,**
14 **from a training and education perspective,**
15 **anything but positive reports.**

16 Q. Okay. Is there anyone else that
17 you believe mistreated you at CFC, that we
18 haven't talked about already?

19 **A. No.**

20 Q. Did you ever hear anyone at CFC
21 make a derogatory comment about your sex?

22 **A. No.**

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1 Q. Did you complain to anyone at CFC
2 during your employment, about unfair treatment?

3 **A. No.**

4 Q. Did you ever tell anyone at CFC
5 that you believed you were being discriminated
6 against during your employment?

7 **A. Could you repeat that question?**

8 Q. Sure. The previous question was
9 whether you ever reported any complaints of
10 discrimination, now I'm asking you, during your
11 CFC employment did you ever discussed with
12 anyone that you believed you were being
13 discriminated against because of your sex?

14 **A. No.**

15 Q. Okay.

16 THE WITNESS: Could we take a
17 bathroom break when it works, soon?

18 MR. BROWN: Sure. Yep, now is a
19 good time.

20 Five minutes? Ten minutes?

21 THE WITNESS: Five minutes is good
22 with me.

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1 MR. BROWN: So we can, again, talk
2 about that off the record.

3 BY MR. BROWN:

4 Q. All right. In your complaint you
5 also allege that you were -- you were given
6 additional job duties, which were not given to
7 other RVPs; is that right?

8 **A. Yes.**

9 Q. Okay. And then you say: Those
10 additional job duties include conducting
11 workshops, training seminars, speaking
12 engagements, and strategic planning engagements,
13 development and delivery of education
14 curriculum, assessing joint programming capstone
15 projects, conducting financial forecast
16 modeling, member product development and other
17 responsibilities at various conferences for
18 utilities.

19 Didn't you volunteer for many of
20 these duties?

21 **A. Did I volunteer to do more work**
22 **than other people? I volunteered at all times**

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1 **to do what I'm capable of doing.**

2 Q. Ms. Wallis, again, that was not the
3 question that I asked you. And I would
4 appreciate it, again, this is the fourth time
5 I've had to admonish you, because you're giving
6 non-responsive answers, and you've been doing it
7 throughout the day, and I've been very patient
8 with you.

9 But now that we're running out of
10 time, I need you to listen to the questions and
11 answer them as I ask them, okay? Can we agree
12 to do that, please?

13 **A. As long as you're not creating a
14 different context for the information --**

15 Q. Okay. I'm going to move on.

16 **A. -- if that's untrue.**

17 Q. Ms. Wallis, did you volunteer for
18 any of these duties?

19 **A. Yes.**

20 Q. Who assigned them to you?

21 **A. It would depend on what the duty
22 was.**

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1 else also performed the same duties that you
2 believe were additional duties?

3 **A. I think we would find very limited**
4 **example of anyone having the broad and similar**
5 **full-scale skill set that I did.**

6 Q. Are you certain that John Kimsey
7 did not also perform some of these duties?

8 **A. I'm sure.**

9 Q. Are you certain that Eric Anderson
10 did not perform some of these duties?

11 **A. I am sure.**

12 Q. Are you certain that Daniel
13 Kessler, Junior, did not also perform some of
14 these duties?

15 **A. He -- he did some of them.**

16 Q. Are you certain that Aaron
17 Stallings did not also perform some of these
18 duties?

19 **A. He did some of them, and management**
20 **also spoke to me about his weaknesses and why**
21 **they would reassign me to some of his.**

22 Q. Okay. I didn't ask that, but thank

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1 you.

4 **A.** **Yes.**

5 Q. Okay. You also allege that, quote,
6 it was the travel -- the travel agency's
7 responsibility to review and apply any travel
8 credits to future travel purchases that resulted
9 from changes in Wallis's work schedule and
10 travel; is that right?

11 A. That is my understanding.

12 Q. Okay. Do you believe it was the
13 travel agency's responsibility to submit
14 truthful and accurate business expense
15 reimbursement submissions for you?

16 A. No.

17 Q. Do you understand that
18 responsibility remained with you at all times?

19 A. I understand that that
20 responsibility laid with me at all times. And
21 the employee handbook also lays out how that
22 additionally works.

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1 Q. Oh, I'm sorry. I should share my
2 screen.

3 Okay. Can you see the document
4 now?

5 **A. I can.**

6 Q. Have you seen this document before?

7 **A. I have.**

8 Q. Please direct your attention --
9 I'll try -- I'll make it larger.

10 Okay. Can you please direct your
11 attention to the middle of this first page,
12 where there's a handwritten A next to some data;
13 do you see that, about midway down?

14 **A. Yes.**

15 Q. Okay. And this looks like it's an
16 expense in the amount of \$326.20; is that right?

17 **A. Yes.**

18 Q. And you understand that you are
19 party 1402 on this spreadsheet?

20 **A. Yes.**

21 MR. BROWN: Okay. Now, going to
22 introduce the next exhibit in order, which is

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1 26.

2 Oops. Okay. Never mind, same
3 document. All right. Never mind. Oh, you know
4 what, sorry, let me do something real quick.

5 Okay. I just deleted the first two pages of
6 that document, which are the same as the
7 previous document.

8 Okay. Do you see -- I'm going to
9 scroll through the first five or six pages, but
10 I want to direct your attention to the first
11 page of this document, titled: Internal audit
12 findings support, and it's Bates stamped
13 starting 3696

14 Okay. I'm going to direct your
15 attention to the A up here at the top right of
16 that document, and I'm going to scroll down and
17 ask you to notice the \$326 here, for a flight,
18 and then I'm going to continue to scroll just to
19 show you the rest of the supporting
20 documentation for A.

21 Okay. And again, I'll point to the
22 \$326.20, again, on 3502, Bates stamped 3502.

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1 And I think that's the end of that.

2 (Exhibit No. 26 was marked for
3 identification.)

4 BY MR. BROWN:

5 Q. Okay. Are these the -- is this the
6 charge, the duplicate expense, that you alleged
7 you reimbursed to CFC, which is in your
8 allegation in paragraph 29 of your complaint, is
9 this --

10 A T will check

13 BY MR. BROWN:

14 Q. Yeah, is this the -- is this the
15 expense that you're referencing in paragraph 29
16 of your complaint, that I just read to you a few
17 minutes ago?

18 A. I would have to also have the
19 complaint, and then look at it to make sure that
20 it is aligning. I --

21 Q. Okay. Let me go off share for a
22 minute, and I'll open the complaint.

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1 Okay. I'm not going to mark this
2 as an exhibit, but Ms. Wallis, do you see the
3 document on the screen?

4 **A. I do.**

5 Q. And do you see it's titled: First
6 amended complaint, and your demand?

7 **A. Yes.**

8 Q. Okay. Is this a true and correct
9 copy of your amended complaint in this matter?

10 **A. I believe so.**

11 Q. Okay. So going to paragraph 29,
12 can you please review that paragraph and let me
13 know when you're finished?

14 **A. Finished.**

15 Q. Okay. So is the \$326 and 27 -- I'm
16 sorry -- the \$326.20 charge, that has the A next
17 to it, on the internal audit findings, is that
18 the same expense that you're referencing in
19 paragraph 29 of your complaint?

20 **A. Yes.**

21 Q. Okay. All right. Do you see the
22 handwritten note at the bottom of exhibit --

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1 sorry -- I believe it's Exhibit 25, the internal
2 audit findings?

3 **A. I see the note at the bottom.**

4 Q. Okay. So the note states: We
5 later discovered, during the investigation, that
6 the duplicate expense was reimbursed to CFC by
7 the employee. The item was removed from the
8 expense report analysis which summarized the
9 investigation results; do you see that.

10 **A. I see it.**

11 Q. Okay. And do you see that there's
12 an asterisk by the 326.20, and that that note --
13 the handwritten note refers to that amount?

14 **A. Yes.**

15 Q. Okay. And I'll represent to you
16 that Gary Bradbury, during the Rule 30(b)(6)
17 deposition in this matter, testified that that
18 was his handwriting.

19 Do you have any reason to doubt
20 what Mr. Bradbury wrote?

21 **A. No reason to doubt what he -- that**
22 **he wrote that.**

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1 Q. Well, do you have any reason to
2 doubt that CFC did what Mr. Bradbury is stating
3 it did?

4 A. I do.

5 Q. Okay. Why?

6 A. **CFC did not later discover, during**
7 **the investigation, unless that's mincing words,**
8 **because I informed CFC, through my attorney,**
9 **through proof of a check, that I had written**
10 **that back. And then through your law firm it**
11 **was coordinated to acknowledge that that was not**
12 **a duplicate or that there was -- that the --**
13 **that the expense had been paid back.**

14 Q. Okay. All right. I think I
15 understand your testimony, but let me ask you:
16 Do you have any reason to doubt what
17 Mr. Bradbury stated here, which is that CFC
18 removed the \$326.20 charge from the findings
19 from its internal audit, and then asked CST
20 Group to do the same?

21 A. **I agree that that's the end result.**

22 MR. BROWN: Okay. I'm now --

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1 in -- okay.

2 All right. So do you understand --
3 or staying on the master spreadsheet, do you see
4 the heading for column G?

5 **A. I do.**

6 Q. Titled: Misappropriated amounts
7 for IA, with a total of \$16,809.67; do you see
8 that?

9 **A. I do.**

10 Q. Okay. And do you understand that
11 IA means CFC's internal audit department?

12 **A. I do.**

13 Q. Okay. And let's go back to Exhibit
14 24, which we already discussed, so I'm going to
15 go back and just, again, to orient you here,
16 it's a letter from CST Group to my firm, dated
17 June 15, 2018. And I'm going to scroll to the
18 second page of that document, Bates stamped
19 CFC5057.

20 And do you see in the same --
21 basically the same spot as the last report, that
22 Mr. Persil writes: The examination is conducted

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1 by CST and NRUCFC's internal audit department of
2 T. Wallis's expense reimbursements during the
3 period defined above revealed multiple instances
4 of fraudulent reimbursements as defined by the
5 ACFE, totaling \$16,809.67; do you see that?

6 **A. Yes.**

7 Q. Okay. And then like for the last
8 report, the February report, it has a breakdown
9 of that \$16,800 and change; right?

10 **A. Yes.**

11 Q. All right. And going back, if you
12 can just sort of eyeball those numbers, do you
13 understand that those numbers are the same as
14 the numbers in column G of that top chart in the
15 expert -- jeeze -- the expense report analysis
16 tab of the CST spreadsheet; do you see that?

17 **A. I see that, and without matching
each one I will agree that likely that's a copy
and paste of information, yes.**

20 Q. Okay. Now, please direct your
21 attention to the columns in between G and K, so
22 columns H, I and J.

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1 Do you see that columns H, I and J
2 contained information about certain expense
3 reimbursement amounts that were subtracted from
4 the initial finding of \$19,000 and change in
5 fraudulent transactions to get down to the 16-8
6 in fraudulent transactions?

7 **A. Yes.**

8 Q. Okay. And do you see that one of
9 those three amounts in column H is in the amount
10 of \$326.20?

11 **A. Yes.**

12 Q. That is titled: Adjustment for
13 reimbursement made to CFC removed as one
14 instance of multiple reimbursement.

15 Do you understand this to be the
16 reimbursement you referenced in paragraph 29 of
17 your amended complaint?

18 **A. Yes.**

19 Q. Okay. Do you understand that this
20 \$326.20 expense reimbursement was not part of
21 the \$16,809 that CST found constituted a
22 fraudulent instance of a reimbursement?

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1 **A. It would have been included.**

2 Q. Okay. And are you aware that the
3 Wisconsin Department of Workforce DEVELOPMENT
4 dismissed your complaint on December 17th, 2018?

5 **A. Yes.**

6 Q. And you are aware that the agency
7 found that you were not an employee for the
8 purposes of wage claims under the Wisconsin
9 statutes?

10 **A. I'm aware of what the -- the letter**
11 **said they -- they said their findings to be,**
12 **yes.**

13 Q. Okay. And then they dismissed your
14 complaint, and then didn't issue any order
15 against CFC; right?

16 **A. Correct. They didn't look into the**
17 **matter. They assessed it and closed it.**

18 Q. All right. You also allege in
19 paragraph 60 of your amended complaint that you,
20 after your termination, you spoke to your
21 formerly similarly situated colleague, Michael
22 Bunney, a former E -- RVP, who had recently

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1 retired, to discuss the situation after your
2 termination.

3 Bunney disclosed to you his salary
4 during this discussion, and CFC paid Bunney
5 substantially more than it paid Wallis, despite
6 her excellent performance and the length of her
7 tenure at CFC.

8 When did this conversation with
9 Mr. Bunney take place? How soon after your
10 termination do you think it was?

11 **A. Approximately two weeks later.**

12 Q. And was this in person or was it on
13 a call?

14 **A. It was in person.**

15 Q. Where was that?

16 **A. At the Perkins, or something real**
17 **similar to that, in Hudson, Wisconsin.**

18 Q. Was that at a conference or a
19 training session or something?

20 **A. It was at breakfast.**

21 Q. Okay. So you just met up with him?

22 **A. He was -- he was retired.**

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1 Q. Okay. Was anyone else present?

2 A. No.

3 Q. And what did Mr. Bunney tell you?

4 What do you recall from the conversation?

5 A. During the conversation I -- I
6 asked Mr. Bunney about some of his practices in
7 submitting expenses in what was allowable or not
8 allowable, as I had done a full reconciliation
9 of my accounts, of my credit card expenditures,
10 and -- and the types of expenses I had
11 submitted.

12 And so I asked him how that
13 compared to what he would have submitted when he
14 was employed by CFC, as I was trying to
15 understand what had occurred and while I was
16 waiting for the promised documents from CFC.

17 Q. What did Mr. Bunney -- oh, shoot,
18 wrong document. Okay. Sorry.

19 Was there something else you were
20 going to say?

21 A. Yeah, this -- the statement that
22 Mr. Bunney made in regards to his compensation

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1 **was not an inquiry that I made from him.**

2 **Mr. Bunney just simply said to me,**

3 **towards the end of the conversation, that he --**

4 **his base salary was around 180,000, plus his --**

5 **his short and long type incentive, and he did**

6 **not ask me what my pay was, he just said he**

7 **wanted me to know what he had been paid.**

8 **And he also knew what my abilities**

9 **were, and what I had been doing for CFC, and**

10 **that's it, he said, I just want you to know what**

11 **I was making compared to you, so that you can**

12 **know how much difference there was.**

13 Q. Are you aware that Mr. Bunney

14 started his CFC employment in 1990?

15 **A. Yes.**

16 Q. And that he worked for CFC during

17 the entire period between 1990 and his

18 retirement in January of 2018?

19 **A. Yes.**

20 Q. Okay. So by my math, that gives

21 him about 28 years of tenure with the company?

22 **A. Yes.**

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1 Q. Okay. Are you aware that he had 22
2 more years of tenure with CFC than you did?

3 **A. Yes.**

4 Q. Are you aware that Mr. Bunney's job
5 title was RVP strategic level?

6 **A. No.**

7 Q. Do you know what the strategic
8 level designator means?

9 **A. No.**

10 MR. BROWN: Okay. I'm going to
11 open the handbook again, and this is Exhibit 17.

12 Oh, okay. And I'm sorry, Anita,
13 I'm going to have to clawback this document and
14 mark it confidential. And I'll do that
15 afterwards.

16 So for the purposes of this
17 deposition, I would like to treat this document
18 as confidential, please.

19 MS. CHAMBERS: Okay.

20 (Confidential document Exhibit 17.)

21 BY MR. BROWN:

22 Q. Okay. Ms. Wallis, I'm going to

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1 turn to 6603, Bates stamped 6603.

2 Okay. Do you see this page of the
3 handbook, and it's called contribution bands?

4 **A. I do.**

5 Q. Okay. And do you see the strategic
6 band, it's the first bullet?

7 **A. Yes.**

8 Q. Okay. And do you see in there, it
9 says: Activity timeframe of three plus years,
10 and a scope of impact at the corporate and
11 industry level. Positions within the S band set
12 the future direction of CFC, develop long-range
13 strategies and make long-range decisions which
14 impact the entire company; do you see that?

15 **A. I do.**

16 Q. Okay. Did CFC give you a strategic
17 level RVP designator?

18 **A. I think I was a T.**

19 Q. Okay. Not an S?

20 **A. I guess I don't recall. I --**

21 **I'm -- I may be confusing what I'm thinking**
22 **right now with what the bands were for**

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1 percentage payout on the short-term -- the
2 short-term incentive. So I -- I guess I -- I
3 would need to see documents to know.

4 Q. Okay.

5 A. **And from that perspective, yeah.**

6 Q. Then let me open Exhibit 13 again,
7 and I'll -- whoops, sorry.

8 All right. And I'm going to expand
9 this.

10 Okay. Do you see in job title
11 description it looks like there's four
12 strategic-level RVPs?

13 A. **Yes.**

14 Q. Okay. There's Mr. Bunney,
15 Mr. Kilpatrick, Mr. Kessler, and Mr. Blum;
16 right?

17 A. **Yes.**

18 Q. RVPs -- okay.

19 And no other RVPs are
20 strategic-level; right?

21 A. **I see that from the titles;**
22 **correct.**

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1 Q. Okay. And so that includes you,
2 you were not a strategic-level RVP; right?

3 **A. Right.**

4 Q. Okay. Are you aware that
5 Mr. Bunney was also the CEO of an electric
6 cooperative before he joined CFC?

7 **A. Yes.**

8 Q. Were you ever the CEO of an
9 electric cooperative?

10 **A. No.**

11 Q. Does Mr. Bunney's 22 more years of
12 tenure, strategic-level designation, and history
13 as a CEO change your opinion that you were
14 similarly situated to him?

15 **A. No.**

16 Q. You also allege in your amended
17 complaint that you and NRECA, which is the
18 National Rural Electric Cooperative Association,
19 that you were negotiating to begin leading
20 seminars and educational events, however,
21 communications from NRECA suddenly stopped.

22 What type of position were you

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1 discussing with NRECA?

2 **A. A contract, consulting.**

3 Q. So that would have been a contract
4 for Terilyn Wallis Consulting?

5 **A. Yes.**

6 Q. What was the contract for, was it
7 for a training seminar, a series of seminars?

8 **A. Correct.**

9 Q. Sorry, which -- which?

10 **A. Either one of those.**

11 Q. What was your best recollection of
12 what the job would have been?

13 **A. The work, because it wouldn't have
14 been a job, it would have been contract
15 piecemeal work, would have been to create and
16 develop curriculum for -- for their future
17 needs, which had a certain set pay amount per
18 project.**

19 **It would be to provide training and
20 delivery of director certification programs, and
21 also to be an instructor to buy -- to provide
22 programming for their supervisory and management**

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1 **certifications that employees of cooperatives**
2 **participate in, potentially their programs, as**
3 **well.**

4 Q. With whom at RECA were you speaking
5 about this prospective --

6 **A. Mangan.**

7 Q. Sorry?

8 **A. Pat Mangan.**

9 Q. And what was -- sorry, I still
10 didn't get the last name.

11 **A. Mangan, M-a-n-g-a-n or e-n, I'm not**
12 **sure.**

13 Q. And is Pat a man or a woman?

14 **A. A man.**

15 Q. I don't want to misgender them.

16 Did he -- what's his position?

17 **A. He works in the training and**
18 **education department. He's not the executive**
19 **individual for NRECA. He works directly for the**
20 **person that would have been on the executive**
21 **team at NRECA.**

22 Q. And is -- is he the only person you

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1 were coordinating with about this prospective
2 engagement?

3 **A. No.**

4 Q. Who else at NRECA were you
5 communicating with?

6 **A. At that time, the person on the**
7 **executive team that I was having conversation**
8 **with was Tracy Steiner. So she was the head of**
9 **that particular area, so we had initial**
10 **conversations.**

11 And then, in addition to training
12 and teaching, offerings that NRECA has, they
13 also have a division or arm that does consulting
14 services, and there was a woman named Monica, I
15 think Schmidt, at that time -- she's also no
16 longer with NRECA -- that Tracy coordinated and
17 was a part of a call, as they knew my abilities
18 on the consulting side of things, that she felt
19 that I could be a good fit there, as well.

20 Q. So whether it was Tracy or Pat, how
21 many separate conversations do you think you had
22 with them about this?

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1 **A. Ten.**

2 Q. Ten over how -- how long of a
3 timeframe?

4 **A. Approximately six months.**

5 Q. Okay. So when -- you say the
6 conversation stopped, when did the conversations
7 stop?

8 **A. By June of 2018.**

9 Q. And so had you been essentially
10 having discussions with NRECA since right after
11 your termination from CFC?

12 **A. Yes. I actually was immediately
13 offered to come into the -- the NRECA annual
14 meeting in February of 2018, that's why I was at
15 the annual meeting where I saw other CFC
16 employees, so that I could observe two different
17 courses that they offered to directors, and so
18 that they could begin scheduling me to provide
19 those services to the -- the members and to
20 statewides for director certification.**

21 **In addition, when Pat was aware
22 that I was available to -- to do consulting work**

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1 for them or to provide training and teaching,
2 they at NRECA was putting together an extensive
3 video to -- to -- to showcase their offerings,
4 and the expertise that they had behind those
5 offerings, and he asked if I would do some video
6 work during that 2018 annual meeting in
7 February, so that they could -- so that they
8 could capitalize on the skills and abilities
9 that I had and use them in their programs.

10 Q. Did NRECA ever offer you a position
11 or send you a draft contract?

12 A. **Yes, I had a draft contract.**

13 Q. And when did they send you that?

14 A. **Likely before I even came to the**
15 **February 2018 annual meeting. Their contract**
16 **just simply stated what a daily rate would be**
17 **to -- to be trained on a particular program,**
18 **versus what your daily rate would be to perform**
19 **the program. And then it also showed what they**
20 **were -- what the daily rate was for travel.**

21 And it just said that basically
22 **their -- their work was, lack of a better word,**

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1 **was piecemeal, it was not a guaranteed job, it**
2 **was as it was assigned.**

3 Q. Okay. So between February of '18,
4 and when NRECA presents you with a contract in
5 June, when the communications stopped, what
6 happened to where you didn't end up signing the
7 agreement?

8 **A. I did sign the agreement, and I did**
9 **attend the annual meeting in February.**

10 Q. Okay. So you performed some work
11 for NRECA under the agreement?

12 **A. I did. And then, after the annual**
13 **meeting, I know that I went to Montana, and I**
14 **don't recall if I went on one or two other**
15 **places to -- to do programming for them. And**
16 **then Pat, simply, he stopped communicating with**
17 **me via e-mail.**

18 Q. And had NRECA, at that point, given
19 you any promise of additional work under that
20 contract?

21 **A. No.**

22 Q. Do you have any personal knowledge

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1 about why your communications with NRECA
2 stopped?

3 **A. Yes.**

4 Q. What personal knowledge do you
5 have?

6 A. I later followed up with Pat, and
7 the initial -- in -- in the summer, you know,
8 July, August of 2018, and Pat said that there
9 had been communications between NRECA, at the
10 executive level, and CFC, and that NRECA just
11 did not want to get involved, initially, in --
12 in anything that was going on between myself and
13 CFC.

14 They hoped that it would get
15 resolved as soon as possible, because Pat said
16 that he had plenty of work for me, and would
17 love to onboard me, but didn't want to be a part
18 of anything that -- that would, you know, cause
19 jeopardy between CRC and NRECA.

20 And then there was another
21 interaction, if you want me to share that, but I
22 don't know if you want to ask another question.

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1 Q. Sure. Let me just ask you a
2 follow-up about that, that first interaction.

3 Who did Pat tell you she had spoken
4 with at CFC?

5 A. **Pat is a male, and I believe Pat --**

6 Q. Sorry, he.

7 A. **Yeah. I believe Pat had received**
8 **that communication from Tracy Steiner, his boss,**
9 **who was on the executive team at NRECA. And**
10 **there was -- there was no discussion, because I**
11 **had no intention of rifting the waters or**
12 **bringing any of this up. I -- I've handled this**
13 **in the most professional way possible.**

14 Q. Okay. Ms. Wallis, just -- just so
15 I have this right: You have a conversation with
16 Pat, and he tells you he had a conversation with
17 Tracy, also an NRECA employee, and Tracy told
18 Pat that she had a conversation with someone
19 from CFC; is that right?

20 A. **Yes or there -- I don't know if it**
21 **was -- let me clarify.**

22 **I don't know if it was Tracy,**

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1 **directly, having a conversation with someone at**
2 **CFC or if it was Tracy's boss who would have**
3 **been the COO of NRECA having a conversation with**
4 **either Sheldon or someone on the executive team.**
5 **I'm not privy to any of that, didn't ask any**
6 **questions, don't even know if Pat knew.**

7 Q. Okay. So someone from CFC may have
8 told Tracy something directly or they may have
9 told Tracy's boss who then told Tracy who then
10 told Pat who then told you; is that right?

11 **A. Right.**

12 Q. Okay. You also allege that on or
13 about July 9th, 2018, you submitted an
14 application for the position of CFO at
15 Wright-Hennepin Cooperative Electric
16 Association, after being contacted by the
17 recruiting firm of Gallagher MSA Search, and
18 that after completing two rounds of interviews
19 with the recruiting firm you were notified that
20 your candidacy was being submitted into the
21 final candidate pool, that the cooperative would
22 then finalize, but then you received a call a

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1 couple of days later from the recruiting firm
2 who stated that your candidacy was being removed
3 because the recruiting firm had become aware
4 that your departure from CFC was due to your
5 wrongful behavior that did not coincide with the
6 professional position that you were applying
7 for, you then questioned where the information
8 came from, and the recruiter shared that they
9 received confirming information from CFC and
10 Wright-Hennepin; is that all accurate? Is that
11 all your allegation? Are those your
12 allegations?

13 **A. True.**

14 Q. Okay. I just want to make sure I
15 didn't misstate that.

16 **A. As written.**

17 Q. Okay. All right. Who was the
18 recruiter with Gallagher MSA Search with whom
19 you were coordinating?

20 **A. I would need to look at a document**
21 **or ask Anita to provide that. I know that I had**
22 **a screen shot from my LinkedIn that -- of that**

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1 initial contact, and I don't recall that
2 person's name, that once I said that I was
3 interested it was then handed off to an
4 association at Gallagher, and I don't recall
5 that individual's name, and did two interviews.

6 And then -- but the individual's no
7 longer at Gallagher that initially contacted me.

8 Q. Okay. So were those -- the two
9 interviews that you just described, were those
10 the interviews that you described also in your
11 complaint?

12 **A. Yes.**

13 Q. Okay. Those were both with the --
14 the recruiter; right?

15 **A. Yes.**

16 Q. What's your understanding of the
17 relationship between Gallagher and
18 Wright-Hennepin, is that a vendor for
19 Wright-Hennepin?

20 **A. It would have been to fill their
21 CFO position, a contract that they had made with
22 Gallagher to assist in filling the position.**

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1 Q. Okay. Did you ever coordinate
2 directly with Wright-Hennepin?

3 **A. No, I would not have.**

4 Q. Did you have any --

5 **A. I have more information, but that's**
6 **fine.**

7 Q. Go ahead. Okay.

8 **A. The recruiter said that after**
9 **the -- that the final candidates from their pool**
10 **would do on-site interviews at Wright-Hennepin**
11 **for the final selection.**

12 Q. Okay.

13 **A. And that Gallagher had put me to**
14 **the final -- on the final presentation of who**
15 **was going to be presented to Wright-Hennepin. I**
16 **was presented to Wright-Hennepin, and then**
17 **that's where the -- the feedback came back from.**

18 Q. Okay. So it was after your two
19 interviews with the recruiter, they submitted
20 your name, ostensibly along with others, and
21 then Wright-Hennepin, at least this is what
22 Gallagher told you, Wright-Hennepin then said:

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1 We're not going to consider her --

2 **A. After --**

3 **Q. -- is that right?**

4 **A. -- Gallagher received feedback from**
5 **the client, that was one piece of information.**

6 **And then Gallagher also told me that one of**
7 **their jobs is to put their ear to the ground and**
8 **find out as much as they can about a candidate,**
9 **and made their own contacts.**

10 **And I don't know who they would**
11 **have talked to, but they did tell me, when I**
12 **asked them if they had talked to someone**
13 **directly employed by a CFC, they said yes.**

14 **Q. Okay. So again, what the**
15 **conversation you just described, that was a**
16 **conversation that you had with the recruiter**
17 **about a conversation that the recruiter had with**
18 **someone from Wright-Hennepin; is that right?**

19 **A. The -- yeah, that was a**
20 **conversation that the recruiter had with me, and**
21 **the recruiter was relaying the information that**
22 **that recruiter had had a conversation with**

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1 **Wright-Hennepin, and Wright-Hennepin had had**
2 **feedback, through the industry, about me. And**
3 **also that the recruiter had received their own**
4 **independent feedback about me, in the industry.**

5 **Both of those feedback points, the**
6 **recruiter told me, were direct connections back**
7 **to a CFC employee. I don't know if they were**
8 **the same or different, no idea.**

9 Q. Do you know who the recruiter was
10 speaking with at Wright-Hennepin?

11 A. **Yes, it would have been the CEO,**
12 **Tim Sullivan.**

13 Q. So Tim Sullivan is the person that
14 told the recruiter that he had done his own sort
15 of questioning about you in the industry, and
16 also as someone from CFC, and that based on that
17 he was going to remove your candidacy; is that
18 right?

19 A. **Correct.**

20 Q. Okay. And do you have any
21 indication of who the Wright-Hennepin CEO spoke
22 with, either in the industry or at CFC?

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1 **A. It could have been a lot of people.**

2 Q. I'm asking if you have any personal
3 knowledge about who it actually was?

4 **A. No.**

5 Q. Do you know how many other
6 candidates Wright-Hennepin was considering, did
7 the recruiter ever tell you?

8 **A. I do not know how many other
9 candidates that the recruiter was submitting at
10 that point. I do know that Wright-Hennepin was
11 not actually able to make a hire until the
12 following year. So somehow that entire -- if
13 there were other solid candidates it fell
14 through or they started over, because they
15 didn't hire until 2019.**

16 Q. Okay. So they didn't hire anybody
17 until about a year later?

18 **A. Right.**

19 Q. Okay. The call between you and the
20 recruiter, wherein you were informed that your
21 candidacy was being removed, when do you recall
22 that happening?

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1 I think your complaint said that
2 you applied in July of '18, I'm just wondering
3 how soon after you submitted your application,
4 on July 9th, did you get the call from the
5 recruiter ending the process?

6 **A. Yes, I -- I would give an estimated**
7 **timeframe of six weeks.**

8 Q. Okay. Did either -- did the
9 recruiter tell you the information that the CEO
10 of Wright-Hennepin relayed to -- to the
11 recruiter about you?

12 **A. Yes.**

13 Q. What was that?

14 **A. That I had engaged in unethical**
15 **behavior at CFC is what the -- what the CEO**
16 **conversation with the recruiter was, and that's**
17 **what the recruiter shared with me.**

18 Q. Okay. Did he share anything else
19 about the conversation that the CEO of
20 Wright-Hennepin had with the CFC employee?

21 **A. No.**

22 Q. Okay. Ms. Wallis, you make an

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1 allegation in your complaint that CFC
2 discriminated against you by paying you
3 unequally to your male RVP comparators.

4 First of all, a comparator's a
5 legal term of art. Do you have an understanding
6 of what that -- what that means?

7 **A. From a legal perspective, no.**

8 Q. Okay. And I'm sure Anita will
9 correct me if I'm wrong, but a comparator is
10 essentially somebody who has the same or similar
11 skills and experience, and also the same --
12 performs the same or similar -- similar
13 responsibilities at a similar seniority level.

14 So using that definition, which I
15 know doesn't, you know, precisely quote the
16 Equal Pay Act, or Title 7, who do you believe
17 your comparators are?

18 **A. All RVPs.**

19 Q. Okay. So every RVP? And I should
20 also mention that a comparator is somebody who
21 is not in your protected class, so that would be
22 every non-female RVP is who you're alleging are

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1 would have been?

2 **A. I don't.**

3 Q. Do you recall if it was, like, five
4 grand or in five figures?

5 **A. I recall it being somewhere between
6 five and ten thousand.**

7 Q. Okay. So that would have brought
8 your salary to about 85 to 90 thousand dollars?

9 **A. About 80 to 85 thousand.**

10 Q. Okay. And Clearwater Polk, is that
11 a co-op?

12 **A. That is a co-op, yep.**

13 Q. And when did Clearwater Polk extend
14 you -- I'm sorry, when did -- when did
15 St. Scholastica extent you that offer, to the
16 best of your recollection?

17 **A. Oh, right before school was going
18 to start in the fall of 2018. I was also doing
19 the consulting work for Consolidated, and
20 Consolidated was asking me to please come and
21 work for them for a couple of years, so that was
22 all going on at the same time.**

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1 Q. Okay. So then, getting back to
2 Clearwater, when did Clearwater Polk extend you
3 an offer?

4 A. Without looking at that list, I
5 know it was right around Christmastime. I just
6 don't remember which year. So if you want to
7 either show me the document or if you want to
8 take a look at the document for what year it
9 was, it would have been December, the last week
10 of December that year.

11 Q. Okay. And that was a CEO job?

12 A. It was.

13 Q. And did you turn that down?

14 A. I did.

15 Q. Why did you turn that down?

16 A. For \$107,000, the impact that that
17 would have on my NRECA pension plan was not
18 something that I could consider, from a risk
19 perspective.

20 Q. Do you recall if that -- were you
21 provided a written offer letter from Clearwater?

22 A. I don't recall that I was, because

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1 the initial conversation was the president of
2 the board of directors calling to have an
3 initial offer conversation.

4 And then we had had discussion
5 about the impact of the benefit package and the
6 correlation of the salary in the interview. And
7 they -- I was their first choice, so they wanted
8 to -- they wanted to let me make the decision
9 whether or not I wanted to move forward, and if
10 I did then they would have provided an offer
11 letter.

12 So there -- there wasn't a formal
13 offer letter. It was a conversation and an
14 explanation that that salary would not be able
15 to work for me.

16 Q. Did -- did -- was it your
17 understanding, though, that if you had answered
18 that question differently, and you said, yeah,
19 you can -- you can live with 107, was it your
20 expectation that they would extend the actual
21 formal offer?

22 A. Yes.

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1 expedite it, do you know about how long?

2 THE REPORTER: About ten business
3 days.

4 MR. BROWN: No, we can get the
5 regular processing.

6 (Signature having not been waived,
7 the deposition of TERILYN K. WALLIS was
8 concluded at 5:53 p.m.)

9 ACKNOWLEDGMENT OF DEPONENT

10 I, TERILYN K. WALLIS, do hereby
11 acknowledge that I have read and examined the
12 foregoing testimony, and the same is a true,
13 correct and complete transcription of the
14 testimony given by me and any corrections appear
15 on the attached Errata sheet signed by me.

16

17

18

(DATE)

(SIGNATURE)

19

20

21

22

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1 CERTIFICATE OF SHORTHAND REPORTER

2 I, Cassandra E. Ellis, Registered
3 Professional Reporter, the officer before whom the
4 foregoing proceedings were taken, do hereby
5 certify that the foregoing transcript is a true
6 and correct record of the proceedings; that said
7 proceedings were taken by me stenographically and
8 thereafter reduced to typewriting under my
9 supervision; and that I am neither counsel for,
10 related to, nor employed by any of the parties to
11 this case and have no interest, financial or
12 otherwise, in its outcome.

13 IN WITNESS WHEREOF, I have hereunto set
14 my hand this 5th day of February 2023.

15

16

17 

18 CASSANDRA E. ELLIS, CSR-HI #475, CSR-CA

19 #14448, CCR-WA #3484, RPR #823848, RMR, CRR,

20 Realtime Systems Administrator

21 Notary Public

22

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